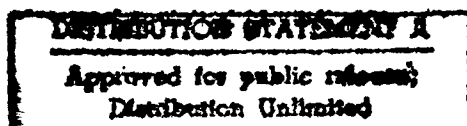


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25 September 1985

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AUSTRALIA

MELBOURNE DAILY QUESTIONS U.S. 'TOUGH LINE' ON ANZUS

Melbourne THE AGE in English 17 Jul 85 p 13

[Editorial: "Putting Logic Before Tact"]

[Text]

IMMEDIATELY after the election of the Lange Government in New Zealand 12 months ago, Radio Moscow suggested that the application of Labor Party policy to ban port visits of nuclear-armed and even nuclear-powered warships "might set off a chain reaction leading to the collapse of the Anzus bloc". The Soviet Union would welcome the disintegration of the Anzus alliance, a prospect the United States is eager to prevent and Australia and New Zealand should be determined to avert. New Zealand's nuclear inhibitions have already excluded it from some of the cooperative and consultative benefits of Anzus, and placed the alliance under severe strain. The US Secretary of State, Mr Shultz, warned in Canberra this week that the United States might review the treaty if the New Zealand Government yielded to party pressure to embody the anti-nuclear policy in legislation.

The American attitude is that nations which wish to shelter under a joint defensive umbrella such as Anzus — from which the US nuclear deterrent cannot be separated — must be willing to help uphold it. As Mr Shultz said: "Ship visits are an essential part of the flow of the military relationship. You can't pick and choose and decide what portion of an alliance you want and what portion you don't want." Port visits to New Zealand may not be of vital intrinsic importance to US defence strategy, but the US fear is that New Zealand's anti-nuclear squeamishness and isolationism could become infectious and endanger the stability of Nato and other alliances.

While Mr Shultz's tough line is logical enough, it may be asked whether it is diplomatically wise. Sternly and publicly warning New Zealand of the consequences of an action not yet undertaken could have the effect of hardening public opinion there and making it more difficult for Mr Lange to delay or modify, if not resist, Labor Party pressures to

entrench its anti-nuclear policy. Meanwhile, Australian cannot be just a disinterested spectator in this stand-off. The Hawke Government is firmly resisting left-wing anti-nuclear and anti-American agitation. Although it recognises the limitations of the Anzus pact, it continues to value the American alliance, and rightly so. A review of the Anzus pact would probably not be in Australia's interests, given the likely reluctance of the US Congress to ratify any new binding defence treaties. It is both ironic and disquieting that the future of the Australian-American defence alliance could be critically affected by decisions in Wellington.

AUSTRALIA

OPPOSITION LEADER CONCERNED ABOUT ANZUS BREAKDOWN

HK020838 Hong Kong AFP in English 0812 GMT 2 Sep 85

[Text] Canberra, Sep 2 (AFP)--The breakdown of the ANZUS treaty together with political and economic tensions in Southeast Asia were placing Australia's security at risk, opposition leader Andrew Peacock said here today.

Addressing the annual congress of the Returned Services League, Mr Peacock expressed concern over increasing Soviet presence in the Pacific and the potential trouble spots of New Caledonia, Irian Jaya and the Philippines.

"We face a deteriorating strategic environment," Mr Peacock said.

He said the ANZUS defence alliance linking Australia, New Zealand and the United States had been "reduced to a hollow shell," although he did not elaborate on New Zealand's stand against visiting U.S. warships which has virtually wrecked the three-nation treaty.

New Zealand has said it will not allow nuclear-powered or armed ships to visit its ports. The United States has a policy of not revealing whether particular ships are nuclear-powered or carrying nuclear weapons.

The Soviet Union had embarked on a dramatic build-up in the Pacific and appeared to have gained military access to Kiribati and Vanuatu, Mr Peacock said.

"It now has the capability to threaten vitally important lines of communication and to transpose its increased military presence in the region into political gains," he said.

Mr Peacock also expressed concern that "serious problems" in the Philippines could threaten the viability of the Association of Southeast Asian Nations (ASEAN) and the presence of U.S. bases in the Philippines.

CSO: 4200/1488

AUSTRALIA

DAILY OPPOSES ATTORNEY GENERAL'S CONSTITUTION AMENDMENTS

Sydney THE AUSTRALIAN in English 31 Jul 85 p 8

[Editorial: "Keeping Hands Off Our Constitution"]

[Text]

MR Bowen has shown remarkable doggedness in proposing a "Committee of Twenty" to recommend amendments to the Constitution. Although it would be much smaller and presumably more exclusive than the "people's convention" which he had earlier canvassed, it suffers from the same flaws.

The Federal Cabinet ought to be able to recognise that the prospects are extremely remote that the Attorney-General's nominees would come to any agreement on constitutional reform, unless they were unrepresentative of large sections of Australian public opinion.

It is an abdication of responsibility for governments to set up nominated committees to make the hard political decisions for them, and it is highly undesirable that a democratic government should hand over its responsibilities to them.

The Attorney-General is not alone in being impatient at the rate of progress being made by the Constitutional Convention. Politicians, mainly from the Labor side, and academic lawyers have taken up the cry that our Constitution ought to be reformed fundamentally - sometimes it seems for no better reason than that it has been our Constitution since 1901 - and that it ought to be reformed quickly so that a new constitution can be celebrated with the coming Bicentennial.

All too frequently, frustrated exponents of constitutional alterations complain about the "backwardness" of the majority of Australians, less exalted than themselves, who refuse to change the basic law of their country.

But this cautiousness shown by the average Australian is not a failing. On the whole our Constitution has worked well. For a nation of our vast size and small population our federal system is sound in principle, and, as so many proposed amendments have been directed towards the centralisation of power in Canberra, the voters have shown good judgment in rejecting them.

Democratic constitutions should not be replaced at whim or to meet a passing fashion. The United States Constitution, on which ours is largely based, has lasted since 1789, and although it has been amended 26 times, 11 of those amendments were made before the end of the 18th century. Britain does not have a written constitution, but its present system of government was established at the Glorious Revolution of 1689 and has survived with most of its principles unchanged.

Occasions arise when a constitution such as ours needs to be amended in order to take account of unexpected circumstances or to correct legal defects or ambiguities. It would, as has so often been claimed, be desirable if the powers of the

governor-general to dismiss a government were clarified.

However, notwithstanding the upheaval of 1975, the most democratic course of action to be followed by an Australian head of State, whether the Queen or her representative or a future president, when faced with an otherwise insoluble governmental crisis, is to dissolve Parliament and refer the crisis to the people to decide.

Whatever Mr Bowen or the delegates to constitutional conventions may like to do, it is only the Australian people who have the power to decide whether or how their Constitution can be changed. For this we have to be thankful.

CSO: 4200/1516

AUSTRALIA

PAPER OPPOSES CHANGING NATIONAL FLAG

Sydney THE AUSTRALIAN in English 27-28 Jul 85 p 14

[Editorial: "Why Change the Flag?"]

[Text]

SINCE 1901 the Australian flag has flown proudly over this country. It has been the banner of our soldiers through four wars, it has been raised to signify our sporting triumphs and it has flown over our houses of Parliament.

It has been a symbol of pride for every Australian. Today it can be seen in every facet of our lives from sport and politics, to manufacturing and leisure.

It is now under attack by those who believe that the presence of the Union Jack in one corner somehow demeans both us and Australia.

It is a measure of the freedoms available in this country that those who would have us abandon our flag are able to run a nationwide contest for a new design -- even gaining support from the Federal Government by way of a grant of \$3000 from the Office of Youth Affairs to cover the cost of posting entry forms to every school in Australia.

Such an open attack on the national flag would not be tolerated in many other parts of the world. Imagine the outcry in America if the government lent support to a group who wished to change the Stars and Stripes.

Several aspects of the vocal campaign to alter the flag raise matters of concern. It has never been demonstrated there is any desire on the part of the majority of Australians

to change the flag. Nationwide polls on the subject show that between 60 and 70 per cent of people are happy with our flag.

Secondly, by sending entry forms for a contest to "find Australia's new flag" to every school in the country, the Ausflag 88 organisation is sowing the idea in the minds of our children that there is something intrinsically wrong with our flag.

As is pointed out in the article on the national flag in the Focus section of today's *Weekend Australian*, our flag was the result of a nationwide contest held at the time of Federation. As Dr Rupert Goodman says: "We had the competition, we appointed the judges, we elected to have the flag. No-one imposed it upon us."

While there can be no doubt that Australia has changed dramatically since 1901 and the ties with Britain are no longer as close as they were, that is no reason to ignore our history.

If we were choosing a national flag today, perhaps we would not include the Union Jack -- but that is a specious argument. Our flag was chosen over 80 years ago and has served us well during those intervening years. The Union Jack now reminds us that we owe the very existence of our nation to Britain. If she had not established colonies here, Australia as we know it would not exist. As we approach our Bicentenary, we can look to Britain as

being the birthplace of our systems of Parliament, our laws, our culture, our very speech.

To deny 200 years of history and to seek change for change's sake alone is both foolish and wrong. Our national flag is a proud and historic banner. We should honour and preserve it.

CSO: 4200/1516

AUSTRALIA

NORTHERN TERRITORY ECONOMIC, POLITICAL HARDSHIPS ANALYZED

Sydney THE AUSTRALIAN Supplement in English 15 Jul 85 p 1

[Article by Mike Seccombe: "Rocky Road to Statehood"]

[Text] DID the Northern Territory finally fall from the Federal funding gravy train, or was it pushed?

If one listens to the Federal Minister for Finance, Senator Walsh, it fell — bloated with its excessive spending and wastefulness, it could be supported no longer.

Based on the Northern Territory Government's version of events, it was pushed. It has had to pay for its insistence on voting against the Labor Party in Federal and Territory elections.

Whichever way you look at it, the fact remains the Territory suffered maulings in the Federal Government's mini-Budget economic statement in May, and at last month's Premiers' Conference.

Another fact also remains and bears some attention — over recent years, the average Territorian has been funded by the Federal Government at a rate five times the national average.

According to figures prepared for the Northern Territory Government, it bore more than 8 per cent of the announced expenditure cuts in the mini-Budget.

As it has just 0.8 per cent of the nation's population, it was hit about 10 times as hard as the rest of the country.

The Chief Minister, Mr Tuxworth, in a letter to the Prime Minister, Mr Hawke, shortly after the cuts were announced, pointed to a direct reduction in Territory budget revenues of about \$49 million.

Another \$52 million would be lost through suspension of work on Darwin's new airport (on which the Federal Government had already spent at least \$10 million of a proposed \$95 million), and other measures.

The Tuxworth Government hoped for some redress of the situation at the Premiers' Conference, but they were hit again.

As a result, a mini-Budget was forced on the Territory, to make up for a \$62 million cut in federal funding.

Mr Tuxworth announced increases in a wide range of areas in an attempt to recoup the lost revenue.

The result was hefty increases in charges for fuel, electricity, water and sewerage services, motor vehicle registration, payroll tax and bus fares.

However, the Territory's small population base meant even such drastic measures would only add some \$16 million in revenue.

The rest, \$46 million, must come from spending cuts by the Government.

Capital works projects, including the new Parliament House, a Darwin Children's Hospital and a planned power house for Alice Springs have all been abandoned, and another of the Territory's glamour projects — the development of the satellite city of Palmerston — will be slowed by a \$3.5 million cut.

A further \$16.1 million has been cut from departmental allocations, meaning the loss of hundreds of jobs.

The Northern Territory's recently unsuccessful arguments against funding cuts sound remarkably similar to those put by the less populous States at the premiers' conferences.

"The amount the Territory provides is going to grow as we grow," said the Northern Territory Development Corporation's general manager, Mr Adam Gordon.

"But it's going to take some time, of course, because we are starting from such a small base.

"Until 1978, little had been done for 70 years. Government by benign neglect, you'd call it.

"A few years ago, the Commonwealth provided 92-93 per cent of our funding. That is now down to about 85 per cent."

The problem is the Territory has a great deal of inertia to overcome.

Its population is spread over about 17 per cent of Australia's land area. Aborigines, who comprise about a quarter of the population, suffer from special problems which make them heavy consumers of government funds.

The Territory still lacks much of the infrastructure like road, rail, and decent air and sea links, and communications facilities, which people in the rest of Australia take for granted.

The population is also heavily concentrated in Darwin and Alice Springs.

The funding cuts have effectively torn up a cosy arrangement begun with self-government, when the Fraser and the Everingham governments signed a "memorandum of understanding", providing generous funding, which automatically grew as the Territory did.

It was that arrangement which led Senator Walsh to trot out the rather extravagant statistic, that given the Territory's current rate of funding growth continued for 130 years it would consume the entire Australian economic product.

It led also to the now infamous quote, from a staffer at the Senator's office, that Senator Walsh was determined to depopulate the Territory — "with a machine gun, if necessary".

The Northern Territory Opposition Leader, Mr Collins, is at pains to try to translate such statements into something more palatable.

"What Walsh meant to say is that he wants to break the nexus between population growth and the automatic

growth in funding," he said.

"The memorandum of understanding had an inbuilt growth factor where Territory growth was compensated by the Federal Government on a percentage rather than a per capita basis.

"It was quite an arrangement. A growth of 10,000 people a year, which would be peanuts in terms of the effect it would have on extra grants to NSW, involves a substantial increase in money to the Northern Territory, because it is paid on a percentage, rather than an amount per head.

"Walsh has clearly indicated he is opposed to that continuing, so it appears the memorandum of understanding is to be departed from."

But Mr Tuxworth sees the matter very differently: "In all the frustration we've had since self-government, and we have had a lot because southern politicians seldom see things our way, we have never encountered an environment where a minister in the government has said 'It's all nonsense, that memorandum you have. It's just an agreement between two conservative governments'.

"You can't ask people to invest, or to live under those conditions."

Naturally, under such circumstances, the prospect of statehood for the Territory has become more an issue than ever.

It was announced by the Treasurer, Mr Keating, a month ago, that the Territory would be treated as a State from 1988. The Member for the Northern Territory, Mr Paul Everingham, warned it could leave it open to further financial attacks.

Mr Tuxworth, by comparison, has guardedly welcomed the expression of the Federal Government's intentions.

"We must have full statehood, for it to be of advantage to us," he said.

"We need the constitutional safeguards. We need to have not only the responsibilities of a State, but all the rights.

"We would want control over our offshore waters, our national parks, our mining activities and so on.

"Otherwise, there would be no point to it."

AUSTRALIA

ARTICLE ANALYZES WOMEN'S MOVE TO POLITICAL LEFT

Melbourne THE AGE in English 19 Jul 85 p 13

[Article by Don Aitkin: "Why Australia's Women Have Swung to the Left"]

[Text]

AT the end of this month, the "Women's Decade" that began with International Women's Year in 1975 will come to a close, and there has already been some attempt to summarise its effects.

It is all too easy to remark on social changes and put them down to a single cause, and anniversaries bring on the temptation in all of us.

The very fact that there was an International Women's Year in 1975 points to other changes occurring in society in the 1960s and earlier.

Many of those changes — the growth in female employment, the much higher rates of female participation in education, the development of a new women's movement — have continued to have an effect, and those effects have themselves changed over time.

Nonetheless, it is arguable that the change in the status of women is second only to immigration as a factor affecting the nature of postwar Australian society. And in the political world the change has been of particular importance.

From the beginning of this century to the late 1960s Australian politics was a game played by men. Women were spectators.

But they all had to vote (after 1925, at least), and in the way they voted women determined the shape of Australian government.

Although the society divided pretty evenly between Labor and non-Labor, the sexes had their own preferences. Men preferred Labor, women the Liberal and Country Parties.

By the late 1960s these preferences were notably skewed: in 1967, a year when Labor was most unsuccessful electorally, 44 per cent of men, but only 33 per cent of women, were Labor partisans.

Labor's inability to attract women is the single most important explanation for its long periods in opposition in federal politics.

And the parties' organisations rather reflected the backing they received from the sexes. The Liberal Party had a large proportion of women in its organisation, and at every level; in the ALP they were rare. But no party made much effort to see that it put good women candidates into Parliament.

All this changed in the 1970s, bit by bit and without much drama. The Women's Electoral Lobby, formed in 1972, began to put pressure on politicians of all parties to treat women's issues and viewpoints with respect.

Women began to seek preselection in larger numbers, to gain it, and finally to win seats and then the occasional place in a ministry. Women's issues gained more media attention, and were taken more seriously.

The more successful the women's movement became, the more women divided about what they wanted from the political system.

And more and more women discovered that they needed to pay attention, and that they had choices to make that could no longer be left to their husbands or fathers.

All these changes had their result in the electorate, and the principal effect was a slow but important shift in the party preferences of women, who moved to the left.

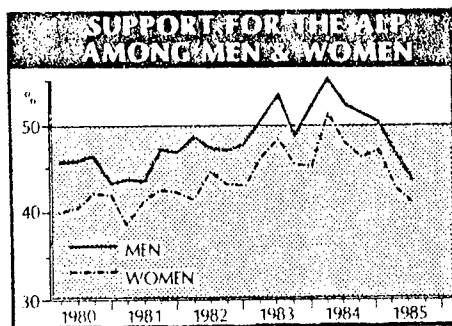
The younger ones moved farthest, but there was no age group which did not make the move, even the oldest.

In 1979, a year when Labor was picking up support, 49 per cent of men and 42 per cent of women were Labor partisans.

Men had moved from 44 per cent in 1967 to 49 per cent in 1979 — an increase of five percentage, Women from 33 per cent to 42 — an increase of nine percentage points.

All the indications are that the gap has continued to shrink. I do not have evidence comparable with the 1967 and 1979 national surveys from which the figures quoted above were drawn, but something can be gained by looking at Morgan Gallup polls over the last six years. That evidence is contained in the diagram.

First, some explanation. Morgan Gallup interviews people almost every weekend, asking (among other things) how they would vote in an election held now.



I have obtained a quarterly average of the proportions who would vote ALP, among men and among women.

The percentages used in the diagram are of the whole sample, including those who would vote for the Australian Democrats, fringe groups or independent candidates, and those who didn't know or didn't answer.

This procedure provides a gigantic sample for each quarter, which gives us some confidence that the differences we observe between men and women are real.

Of course, the cost is that we have flattened out most of the little changes that might have been produced by political events — the MX missile incident, for example. But that is a cost we can bear, because our interest is in the male-female difference over time.

What does the diagram tell us?

First, women's support for the ALP was always weaker than men's, throughout the five-and-a-half years. In fact, of the some 200 polls studied between 1980 and the present, female support for the ALP was greater than male support in only half-a-dozen of them.

Second, the ebb and flow in women's support was very similar to that for men.

Third, the gap between male and female support has continued to decline, although the change is a slow one. On average, the gap was 4.5 percentage points throughout the period, but it was closer to six points in 1980 and has been closer to three points in the past year.

These changes may not seem very profound, but they become so when you consider the scale of the electorate.

There are about 10 million Australian electors, and more than five million are women.

If one per cent of the women electors move from Liberal or National to Labor, that is a gain of 50,000 or so votes to one party and a loss of the same proportion to its rivals.

To put it another way, such a change, assuming that the parties stood at 45 per cent each, would make Labor 46 per cent and the coalition parties 44 per cent.

In our political system it is margins of this size that put parties into government and take them from it.

The evidence is that the move left on the part of women is still in process, a thought that might cheer the Government a little at a time when its general electoral standing is low.

But the figures don't tell us why the process is still going on. There are many plausible explanations, and not much hard evidence to test them against.

My hunch is that the slow change we can observe in the diagram is consistent with and may be mostly explained by "replacement".

If you consider women voters as a group the oldest voters are much less Labor than the youngest. Each year one per cent or so of the electorate dies and a larger proportion comes of age. So the older, less-Labor group is progressively being replaced by a younger, more-Labor group.

You would hardly be able to notice the effects of that change in a single year, but over a five-year period you might.

Replacement is something no politician can do much about. But it's important in the argument about how many more Australian women will move left. If replacement holds the key to what has happened in the past five years, it is likely to be true also that the radicalisation process has slowed.

The 1970s will have been the decade of change, while the 1980s sees the new pattern crystallising.

It's time, as always, for some new evidence.

Don Aitkin is professor of political science, Australian National University.

AUSTRALIA

OPPOSITION LEADER HOWARD: SUPPORT THAILAND OVER SRV

Melbourne THE AGE in English 24 Jul 85 p 13

[Article by John Howard, deputy leader of the Federal Opposition: "Why Australia Must Give Strong Support to Thais"]

[Text] Ten years after the fall of Saigon and Phnom Penh, war is still raging in Indochina.

Indeed, the front has now been extended to include Vietnam's border with China and Cambodia's border with Thailand.

The communist victories in Vietnam, Cambodia and Laos in 1975 were welcomed by many who believed that they would lead to an end of the hostilities and the killing. But the war has continued.

Recently I visited Khmer refugee camps on the Cambodian-Thailand border.

I sat in on an interview between a Khmer family and an Australian immigration officer. The parents had been in refugee camps for 6 years and were seeking settlement in Sydney.

Their story was truly tragic but not, I believe, untypical. The father was asked why he had left Cambodia. His answer was direct: "Because the communists have ruined my life."

He revealed (through a translator) that he fled in 1979 with his wife and one surviving child. He said three other children had "died of disease and starvation in Pol Pot's time."

It is evident that ordinary Khmer refugees make little distinction between the Pol Pot Government that ruled Cambodia between 1975 and 1978 and the Hanoi-backed Heng Samrin regime that has held sway since then.

To the vast majority of the 500,000 Khmers in camps inside Thailand both Pol Pot and Heng Samrin are oppressors.

Indeed, more Khmers have fled into Thailand since Hanoi installed Heng Samrin in power than did during Pol Pot's time.

This underlines the fact that the refugees did not regard Heng Samrin's forces as "liberators." This is not surprising when one remembers that both Heng Samrin and Pol Pot were comrades in arms in the Khmer Rouge.

It is somewhat unfashionable to recall that the Khmer Rouge victory in 1975 was widely supported by left-wing movements throughout the Western world.

Nevertheless it is timely to remind those, who today seek to justify Vietnamese aggression in Cambodia on the basis that Hanoi put Pol Pot to flight, of this central fact.

Certainly Vietnamese troops removed Pol Pot. But without Hanoi's support the Khmer Rouge would not have been able to establish its killing fields in April 1975.

Vietnam's recent dry season offensive pushed another 230,000 Khmers deep inside Thai territory.

During the height of the summer offensive, Hanoi had about 60,000 troops on the Thailand-Cambodia border supported by over 100,000 of its soldiers in the Cambodia interior.

The offensive was launched with equal ferocity on the Sihanouk, Son Sann and Pol Pot camps and on the men, women and children within them.

The victims of Hanoi's most recent summer offensive are not classified as "refugees" but rather as "temporary evacuees" who intend to return to Cambodia when circumstances change and the Vietnamese withdraw.

To me, the Son Sann aligned avacuees were almost indistinguishable from the non-aligned refugees in Khao-I-Dang refugege camp next door. But they have even less hope.

The refugees come under the care of the United Nations High Commissioner for Refugees (UNHCR). Those classified as evacuees fall within the responsibility of the United Nations Border Relief Organization (UNBRO).

The United Nations officials together with various voluntary groups, are doing an effective job in providing basic shelter, food, and medical support for the displaced Khmers.

The humanitarian assistance provided by the Australian Government is appreciated by Thai and UN officials as is the fact that Australia continues to accept Indochinese refugees.

In my discussions in Thailand, Indonesia and China, I made it perfectly clear that Australia was vehemently opposed to any settlement in Cambodia that would restore the Khmer Rouge to power.

Government officials in Thailand, Indonesia and China seem to regard Vietnam's occupation of Cambodia as permanent.

The Hanoi leadership fought for 30 years to control the whole of Indochina. This aim has now been achieved. It is highly unlikely that Vietnam will withdraw its troops from either Cambodia or Laos.

This places the Thais in a dreadful dilemma.

In recent years, Thailand has made significant strides. It has moved from a military government to a predominantly parliamentary system. And it has achieved significant economic growth.

But Thailand now faces the Soviet-supplied, battle-hardened Vietnamese army on its border. As well there is a lingering fear that Hanoi might decide to support a guerrilla insurgency inside Thailand.

It is estimated that there have been more than 80 Vietnamese incursions into Thailand since November 1984.

The ever-increasing Vietnamese military build-up on the Thai border is a matter for deep concern to Thailand and ASEAN.

I discussed this issue at some length with the Thai Foreign Minister, Air Chief Marshal Sithi.

I have no doubt that the Thais are deeply disappointed with the way in which Mr Hayden has responded to the Vietnamese occupation of Cambodia.

The Hawke Government is far too sympathetic to Hanoi and far too dismissive of the genuine concerns of Thailand.

At the very least, Australia should be giving diplomatic support to the Thais. But instead Mr Mayden has elected to bend over backwards to accommodate Vietnam.

Australia's relationship with Thailand is deteriorating. It ought to be improved.

CSO: 4200/1494

AUSTRALIA

EDITORIAL VIEWS STABILITY OF HAWKE-ACTU RELATIONS

Sydney THE SYDNEY MORNING HERALD in English 22 Jul 85 p 8

[Editorial: "Mr Hawke and the ACTU"]

[Text] IS THE Hawke Government's special relationship with the ACTU, the cement that holds the Accord together, coming apart? The clear answer must be no. In truth, its big test is still coming. But just the same, it can't be denied that the alliance has come under considerable strain in recent days. The ACTU, for example, has been lumbered with the odium of having torpedoed the late Option C at the tax summit, to the obvious discomfort of the Government in general and Messrs Hawke and Keating in particular. And now the ACTU appears to have tossed a spanner into the machinery so painstakingly constructed by Messrs Hawke, Wran and Cain to get rid of the BLF.

The idea has since gained currency that in each case the ACTU not only frustrated the Government's intentions but somehow went back on commitments of support, thereby seriously weakening the relationship. The evidence, however, doesn't justify this view. First, the tax summit. The ACTU leaders never disguised their opposition to the Government's proposed 12.5 per cent broad-based consumption tax. The unions, and just about every other major interest

group in the country, including most ALP State branches, were also opposed to it.

The Government's own ranks were divided. And when the crunch came, these groups, including business, were quite happy to let the ACTU deliver the coup de grace to the already fast-expiring Option C. Of course, for Mr Hawke to actually go to the ACTU leaders' hotel later to stitch up the compromise was a public relations blunder. But what was largely overlooked then, and since, is that the ACTU itself made a fundamental concession to the Government: it agreed to an expansion of the indirect tax base, first by means of a consumption tax limited to services, and also by an extension of the wholesale tax on goods.

What then of its failure to support deregistering the BLF? Again, the ACTU gave no public commitment that it would support such a move, nor is there any evidence that it gave one privately to the Government. Whether it can now summon up the courage and good sense to at least stay neutral remains to be seen. But the Government, which has not demanded that the BLF be disaffiliated from the ACTU, is

in any case pinning its hopes on the State Labour Councils, especially in NSW, to carry the battle to the deregistered BLF branches. The point in both cases is this: because the Government and ACTU have a contract on the Accord, it doesn't pre-suppose a contract exists on every other issue. The parties involved understand this, even if much of the electorate does not.

And it is the Accord, after all, which remains the best gauge against which to assess the special relationship. The Accord has underpinned the remarkable economic turnaround of the last two years and it remains a key to continued economic growth. But managing it has been complicated by the depreciation of the Australian dollar. The Government's dilemma now is whether to risk the Accord by asking the Arbitration Commission to discount the CPI for the price effects of the dollar's depreciation, or risk losing the confidence of business. If the Government chooses discounting it will really test the special relationship that has underpinned its economic and electoral success.

CSO: 4200/1494

AUSTRALIA

BEAZLEY SCRAPS ARMOR PROJECT IN ARMY TRIMMING BID

Sydney THE SYDNEY MORNING HERALD in English 25 Jul 85 p 6

[Article by Hugh White: "Beazley Fires Shot for a Lighter Army"]

[Text]

CANBERRA: In a step toward his goal of a lighter, more mobile Army, the Defence Minister, Mr Beazley, yesterday scrapped the Army's Waler Project to build bigger and better armoured personnel carriers (APCs).

The Army has been asked instead to study upgrading its existing fleet of 20-year-old M113 APCs.

At the same time the Army has been told to look afresh at the whole issue of its battlefield transport needs, with more emphasis on mobility than on heavy armour and firepower.

Among the radical possibilities which the Army has been asked to look at is the use of wheeled rather than tracked vehicles on the battlefield, including the arming and armouring of light off-road vehicles for battlefield use, senior defence sources say.

The scrapping of the proposal for new APCs and the call to reconsider the Army's fighting vehicle needs in the direction of lighter, more mobile machines reflects Mr Beazley's concern to remodel the Army to address

specifically the problem of repelling an invasion of northern Australia.

This is seen as requiring an army designed for mobility more than heavy firepower.

Project Waler went against this trend. It was to provide larger and heavier APCs which could not as easily be moved by air.

Mr Beazley said yesterday the Army's M113s could be upgraded to fulfil Australia's future APC needs better and more efficiently than by building new ones.

He said the US was upgrading its own M113s for use in Europe for purposes comparable to Australia's needs.

The upgrading, still on the drawing board, could involve new armour, suspension, motors and armament, according to defence sources.

The decision to scrap Project Waler will disappoint Australia's troubled heavy engineering industry. The project had proposed building the new APCs in Australia at a cost of about \$800 million, which would have given the industry a much-needed shot in the arm.

In deciding not to go ahead with the project the Government has made clear that its commitment to building up defence industry in Australia does not over-ride its strategic assessment of what sort of hardware Australia needs.

In its request for a fundamental rethink of the Army's fighting vehicle needs, the Government wanted to get around the problem that the present armoured vehicles were better at fighting than at travelling, the defence sources said.

This is a fundamental problem in view of the distances involved in defending our north.

Tracked vehicles like Australia's tanks and APCs need to be loaded on trucks to be transported from one battle area to another.

Lighter wheeled vehicles can travel long distances fast under their own power, and still have the capability to traverse most kinds of northern Australian terrain.

Wheeled vehicles are also lighter and hence easier to move by air, which is being increasingly seen as an essential component of Army operations.

AUSTRALIA

COLUMNIST TAKES ISSUE WITH BEAZLEY ON DEFENSE STRENGTH

Sydney THE AUSTRALIAN in English 24 Jul 85 p 7

[Article by Peter Young in the "Defense" column: "Sorry, Mr Beazley, But Our Forces Are Run Down"]

[Text]

IN A letter to *The Australian* yesterday, the Minister for Defence, Mr Beazley, took this column to task for "inaccuracies and misrepresentation" in an article on the Army Reserve.

He also complained about my continued assertion that our defences are being run down — as if the loss of a third of the vitally important Army Reserve over the past year is not evidence enough.

In defence of his government's performance, Mr Beazley pointed to a series of real-term increases in the defence budget of 4.1 per cent and 3.3 per cent over the past two years and the promise of a further 3.1 per cent for the coming financial year.

This does of course represent an increased, albeit steadily declining, commitment to defence but takes no account of the higher-than-average levels of inflation for defence equipment nor the falling value of the dollar.

Neither does it take into account the fairly well documented inefficiency of the department he administers nor the fact that these increases only came about at the expense of the selective wage freeze imposed on servicemen and women over that same period by the Labor Government. In fact, these "increases" represent almost exactly the pay claims presently being demanded by both the Chief of Defence Force Staff and the Armed Forces Federation before the Defence Force Remuneration Tribunal.

This confidence trick and the fact that the Government may now be shamed into making up for this injustice by the payment of back pay would

make nonsense of the Minister's claims. Beyond that however, we have the evidence of the Cross report — the findings of the joint parliamentary defence and foreign affairs committee, of which Mr Beazley himself was a sometime member.

That report summed up our defences as unable to even "meet low-level threats in a timely and effective manner", with a prospective enemy likely to see "Australia's force-in-being as thinly spread and ill-prepared".

In what must be accepted as the most authoritative and damning indictment of our defence preparedness yet tabled in Parliament, the report also commented unfavourably on our lack of early warning, lack of adequate intelligence and lack of any clearly defined aim.

Mr Beazley boasts of the tangible projects in the pipeline — the submarine project, the FFGs, the F/A-18s, new artillery weapons and the development of Tindal as a forward air base. Some of these must be credited to the previous Liberal government. Most of them still remain in the future.

If the Minister would really like to get down to tangibles, he might like to comment on the rundown of reserve stockpiles over the past few years and the almost total lack of back-up war stores beyond those which the services have been able to squirrel away themselves.

It is good to hear that increased funds are being made available for more training, steaming and flying time, but how much and from what base level? Or are we seeing the

politician's version of the pea-and-thimble trick of boasting of a "rise" from the near non-viable levels of the past few years which severely restricted the training and operational readiness of all three services?

As for the Army Reserve, the main topic of the article on which Mr Beazley bases his complaints, he has done everything but admit to the fact that a third of its members have voted with their feet over the past 12 months because of his government's policies.

"It is true," he says "that current levels are below" the authorised level of 30,000. They are in fact, according to the former chief of the reserve, 10,000 below.

Mr Beazley also says that charges of a reduction in the number of training days are false. They are, if you follow his politician's style of mathematics, which would deny a "reduction" because the number had only reverted to the previous totals. According to my arithmetic however, Mr Beazley's own statement implies an actual reduction from the previous allocation of 38.25 days to the present authorised level of 36 days. And if Mr Beazley would like to inquire beyond the defence bureaucracy he might find that some units were cut back to 30 days — a 20 per cent reduction. He might also find that some of those units continued to parade at their own expense until forbidden by Canberra because of the political embarrassment it might cause.

In the case of the tax on reserve pay, Mr Beazley's argument that the new allowance gives them "about the same amount of cash in hand as they had received under the previous system" makes it obvious that Mr Beazley is completely out of touch with reality.

This is the major problem, in that this cash took many reservists into higher tax brackets — in effect penalising them for serving their country.

The worst affected are those in middle and upper management jobs, the area from which so many of the officers and NCOs are recruited.

Mr Beazley is also silent on the continued loss of some of the brightest and the best from our officer corps and the equally important non-commissioned officers.

It is they who have had to see their individual services cut to the bone and their standard of living steadily eroded. At the time of Vietnam we had an efficient and reasonably well-supported defence force. Today we have little more than a brown-water navy, an army of only six battalions — only two of them at full strength with the remainder fielding companies of less than 60 men — and an air force with a magnificent fighter but none of the necessary support systems.

All three services suffer common shortages of stores and logistic support while our defence industries still suffer from the stop/go policies of the past.

In his letter, Mr Beazley chose to widen his attack from the problems of the reserve to the performance of his government and the present state of our defences.

A defence journalist must of necessity be at a disadvantage against the bureaucracy in access to facts and figures. I stand by my opinion however, that despite the undoubted efforts of Mr Beazley, our forces are in a run-down condition.

It is not only my opinion. There is the evidence of the Cross report, the evidence presented by parliamentary committees, and the evidence of recently retired senior officers.

In the case of the reserve there is the evidence of no less an authority than the national president of the CMF (Reserve) Association which appeared on the same page as the Minister's own letter.

All of this evidence — as well as the overall public perception of the run-down state of our defences reported by the men and women who make up our forces — is surely too great to ignore.

AUSTRALIA

SENATE COMMITTEE HEAD CRITICIZES CER

Auckland THE NEW ZEALAND HERALD in English 18 Jul 85 p 14

[Text]

Growing frustrations with the closer economic relations trade agreement could eventually lead to its destruction, the acting chairman of an Australian Senate committee studying CER said yesterday.

Senator Brian Archer, commenting on the release yesterday of the committee's second report on the agreement, said the biggest problem with CER was the process of dealing with complaints and issues that had arisen as the treaty came into operation.

He said that if the shortcomings were left unchecked it could result in a significant disruption to a number of industries and regions, and could cause a major change in the balance of benefits that were expected to come from CER.

"Closer economic relations was meant to assist each other, not destroy each other, but I feel we are getting near the destruction phase," he said.

Two major areas of concern thrown up by the report are the complaints procedures under CER involving damage caused by imports to local producers, and those triggering top-level consultations to ease sore points.

Evidence

He said the wording of both sections of the agreement — articles 17 and 22 — made them virtually impossible to use, with the result that Australian producers seeking redress for problems vented their frustration on the agreement itself.

"CER is being blamed for a lot of things that are not its fault," he said.

"Time and again during evidence to our committee I have had to point out to people that their complaint has nothing to do with CER and that free trade across the Tasman goes back 20 years.

"They do not understand the fine line of distinction between CER and trade. They need better access to information.

"Problems grow in the dark — they are like mushrooms. If people cannot get satisfaction from a Government department, their problems grow in their minds.

Informed

"The problems are not confined to Australia, but because of the magnitude of trade being offered to New Zealand, people there have been better informed about what to expect."

Mr Archer and the report of his committee said a large part of the problem lay with Australians who had not become fully aware of the impact of the treaty. New Zealanders were much better informed.

He said that while nearly every New Zealander understood the basics of CER "I could walk out of here to the front office and ask what anyone there knew of CER, and they would tell me, 'He's not in.'"

"As a result, the New Zealanders have been rewarded for their efforts under CER to date," he said.

"On the other hand the Australians have taken a rather indifferent approach to CER, both in the lead-up and since the implementation of the agreement.

Negative

"Unfortunately this has meant that for many Australian industries and particular regions, CER has only become an issue after selected New Zealand products have begun to have an impact on the Australian market.

"This has led to a rather negative and at times adverse reaction by Australians to CER."

Mr Archer insisted that CER was not unfair, not one-sided, and not biased towards New Zealand, although New Zealand used it better.

He said he had no axe to grind with New Zealand.

But he was critical of the way the treaty had been drawn up. It lacked apparent strategy for the future development of industries and regions in both countries.

One of the major problems still outstanding was the question of exchange rates.

The 20 per cent devaluation by New Zealand caused alarm bells to ring in Australia because it tended to price Australia up in the New Zealand market while making New Zealand goods more competitive in Australia.

Assurances

Mr Archer said that when the question of changes in exchange rates was discussed during the formulation of the trade agreement, assurances had been given that there would be full discussion before any such move was made.

While not saying New Zealand had broken its trust on the matter, Mr Archer said he believed "if there had been a continuity of government in New Zealand we would have ridden through the devaluation better."

The committee plans two more reports — one on the effects of CER on agriculture and horticulture which is being prepared now — and one on the effects on industry for which submissions still have to be taken.

CSO: 4200/1492

AUSTRALIA

FRASER WARNS NZ: 'IMMORAL' POLICY THREATENS CER

Auckland THE NEW ZEALAND HERALD in English 19 Jul 85 p 4

[Text] The former Australian Prime Minister, Mr Malcolm Fraser, has warned New Zealand that its 'immoral' anti-nuclear policy endangers closer economic relations with Australia.

Mr Fraser, who, with the former New Zealand Prime Minister, Sir Robert Muldoon, introduced closer economic relations, said that so far the agreement had worked fairly well.

Complaints against it, such as those of a Senate committee which reported in Canberra this week, were made because they 'have not been considered quickly enough.'

'Get Together'

He surprised an investment conference in Auckland, where he was a guest speaker, with a suggestion that New Zealand companies should be exempted under CER from the need to apply to the Foreign Investment Review Board, except on the same basis as Australian companies had to go before the board.

He said outside the conference that he had not done this during his own term in office because financial markets generally were then still regulated.

He also urged New Zealand and Australian industries to get together to market their produce overseas.

But later he told reporters that Australians would lose their enthusiasm for CER if they felt New Zealand was "taking the easy path at other people's expense" in defence.

"I do not think CER is compatible with a committed Australia and a New Zealand that was going to be permanently uncommitted," Mr Fraser said.

Nuclear Subs

He said the Lange Government's stand against American nuclear-armed ships also ruled out visits by other friendly navies, which all refused to say which of their vessels were nuclear-armed.

"I just wonder how many New Zealanders are aware that they have also said they never want a Royal Navy ship in their port again.

"New Zealand has said she never again wants a visit from an allied warship — and if we [Australia] get nuclear submarines, I suppose she will do the same to us."

He believed the policy was "immoral."

Defenceless

"As I understand Mr Lange, he says this is a policy for New Zealand and not for anyone else," Mr Fraser said.

"But because he has adopted it for New Zealand, he cannot criticise Australia if we adopt it for Australia.

"He cannot criticise France if they adopt it for France.

"He cannot criticise America if they adopt it for

America. And at that point the free world is defenceless."

Mr Lange was trying to get all the advantages of membership in the Western alliance, without meeting any of the obligations.

Hope for Change

"I think the policy is immoral because it assumes a right within the Western system of defence which is not sustainable if other countries within that system make the same decision," said the former Australian leader.

"I hope New Zealand will ultimately change.

"There is a general view that this is just an aberration. New Zealanders have always pulled their weight.

"But if New Zealanders were going to be cutting the traces of the military relationship with Australia, and were going to maintain that policy over time, then it would have inevitable implications for the economic relationship."

AUSTRALIA

\$600 MILLION TRADE DEFICIT BLUNDER REPORTED

Sydney THE AUSTRALIAN in English 23 Jul 85 p 1

[Text] BECAUSE of a blunder by the Australian Bureau of Statistics the current account deficit on the balance of payments was overstated by \$600 million for the last financial year.

The error — the failure to report petroleum exports — means the account deficit for 1984-85 is \$10.1 billion, not \$10.7 billion as originally reported.

The size of the error will cause concern in the money market where the ABS figures are heavily relied on in calculations of the value of the dollar.

The ABS said the revision was because of the failure by one exporter to lodge with the

Australian Customs Service entries relating to exports of crude petroleum.

The Treasurer, Mr Keating, said the revision meant the current account deficit was considerably less than the figures of \$11 billion and \$12 billion suggested by some commentators and the Opposition in recent months.

Optimistic

Mr Keating said that after the depreciation of the Australian dollar, the country could look forward to an improved external account in 1985-86 and a greater contribution by the external sector to economic growth.

While Mr Keating is opti-

mistic about the outlook for the current account, some sections of the bureaucracy believe the current account will deteriorate in 1985-86 because of the impact of the scrapping of the investment allowance.

Departmental estimates suggest the current account deficit could rise to about \$11.2 billion this financial year as an expected flood of imports comes in to take advantage of the 18 per cent investment allowance.

The Australian dollar has rallied in recent weeks as the US currency has weakened and the revelation of the ABS error should add to the Australian dollar's momentum.

CSO: 4200/1494

AUSTRALIA

EDITORIAL ANALYZES 'MISFORTUNE' OF 2.4 PERCENT CPI RISE

Sydney THE AUSTRALIAN in English 26 Jul 85 p 6

[Editorial: "CPI: Discounting Now Becomes Essential"]

[Text]

YESTERDAY'S announcement of a 2.4 per cent rise in the Consumer Price Index is doubly a misfortune for the Federal Government. Not only does it mean that the rate of inflation for the past year has now reached 6.7 per cent, a considerably higher figure than the Treasurer would have hoped for, but it also makes much more urgent the reaching of an agreement with the Australian Council of Trade Unions on the Government's desire that the depreciation of the Australian dollar should be discounted in calculating pending wage increases.

It must be expected that the increase in the CPI will fuel the unions' demands for substantial wage increases. The size of the rise in the cost of living is likely to add to their reluctance to accept anything less than full indexation.

The Government and the ACTU have still reached no agreement as to whether the effects of depreciation should be excluded from the assessing of any national wage rise. It had been expected that its consequences would not be felt until the September quarter, and the Government is now forced to act more swiftly in winning the ACTU's co-operation. But it seems from Mr Crean's prompt and negative reaction that this co-operation will not be forthcoming.

However, if the full CPI increase is translated into a wage rise, inflation will take off again and our hopes of

economic recovery and a reduction in unemployment will come to nothing. The benefits of devaluation will have been lost.

If it had not been for the decline in value of our currency which so quickly followed its being floated, the inflation rate for the March quarter would have been only some 1.5 per cent, a figure which would have been reasonably acceptable. But there is a growing body of opinion that the Government's policies have been a significant factor in our dollar's decline.

All major currencies have fallen steeply against the United States dollar during 1985 despite their recent modest recovery against it. But the Australian dollar has declined in value over that period against the currencies of virtually all of our trading partners and competitors.

Foreign investors and currency dealers could not have failed to notice that, despite the prices and incomes accord, Australia's old industrial maladies are returning to plague us. The Government's lack of resolve on the Builders Laborers Federation's deregistration and the ACTU's support for yesterday's national strike by meatworkers can only continue to undermine international confidence in our reliability.

It again raises the question as to whether it is sensible to deregulate the financial system without deregulating the wage-fixing system. When only

organised labour is protected against the fluctuations of the market place, our economy can become unworkable.

If the accord collapses the Federal Government will lose one of the foundations of its economic policy. But if it cannot induce the ACTU to accept the discounting of depreciation, an intolerable burden will be imposed on our still suffering private sector with horrendous consequences for the economy as a whole.

For the first two years it was in office the Government of Mr Hawke and Mr Keating gained a solid reputation for economic management which allowed it to be re-elected last year. Unless it can regain that reputation, and that means bringing the ACTU into line, it is unlikely to survive beyond the end of its present term.

CSO: 4200/1516

AUSTRALIA

BHP REPORTS RECORD \$752 MILLION PROFIT

Sydney THE AUSTRALIAN in English 27-28 Jul 85 p 1

[Text]

BHP yesterday announced an Australian record \$752 million profit in the year to May 31 — and its shares promptly dropped 8c each.

BHP rose to \$6.72 yesterday morning on anticipation of the result and rumours that Mr Robert Holmes a Court would bid for the Big Australian. The bid failed to eventuate, and in the afternoon BHP's share price was discounted by 8c to \$6.60.

The profit was 20.9 per cent up on last year's and more than twice the peak earnings of Australia's second-biggest corporation, Westpac.

The profit benefited considerably from devaluation — for every 1c movement in the dollar, the after tax effect on profit was between \$12 million and \$14 million.

But the managing director of BHP, Mr Brian Loton, sounded a cautionary note: much would depend upon what took place in the economy, and he expressed par-

ticular concern that costs could escape control.

Nearly two-thirds of BHP's profit came from Bass Strait, its share of the oil and gas profits rising by \$58 million to \$484 million.

The result was the first to include a full year of profits from Utah, which BHP bought for \$2200 million.

Mr Loton said BHP was negotiating with Getty Oil subsidiary, Texaco, about the acquisition of Texaco's half interest in the Escondida copper mine in Chile.

BHP is on record as saying Escondida may be the largest known underdeveloped ore body in the world with more than 1,700 million tonnes grading 1.6 per cent copper.

The purchase of Utah helped to lift sales 31.7 per cent to \$7100 million, eclipsing the retailer G.J. Coles & Coy which, with sales of about \$6000 million, pipped the Big Australian last year.

CSO: 4200/1516

AUSTRALIA

STRIKES COST \$270 MILLION IN WHEAT EXPORTS

Sydney THE AUSTRALIAN in English 27-28 Jul 85 pp 1, 2

["Exclusive" article by rural writer Nigel Austin]

[Text]

STRIKES prevented the export of \$270 million worth of wheat last financial year — and \$60 million of this is directly attributable to the actions of 320 highly paid and underworked men.

This handful, some of whom earn \$70,000 a year for a 25-hour week, held up 400,000 tonnes of wheat worth \$60 million in NSW grain terminals.

Another 1.3 million tonnes, at \$160 a tonne, was held up by other strikes around the nation.

The figures, obtained from the Australian Wheat Board (AWB) yesterday, reveal the extent to which industrial disputes affect the national economy, and are eroding our reputation overseas.

Japan refuses to ship prime-quality wheat from NSW because of its unreliability following several shipments with mixed grades of wheat. It chooses instead to ship NSW wheat through Queensland ports.

Australia exported 15 million tonnes of wheat worth more than \$2.5 billion last year, but several million tonnes more were available for sale if it could have been exported.

The AWB's senior operations manager, Mr Bob Cracknell, said yesterday that disputes were significantly more serious in NSW than in any other State and were a gen-

eral reflection on NSW's industrial relations climate.

Mr Cracknell said strikes by Grain Handling Authority (GHA) of NSW workers cost the State the opportunity to export 400,000 tonnes of wheat in 1984-85.

Most of the trouble stemmed from terminal workers at the Sydney and Newcastle ports because of grossly inflated salaries, low working hours, overtime, hefty sick leave, and an unacceptable level of absenteeism.

Standard conditions include 32½ hours a week, 30 days' paid sick leave annually, double time for all overtime, 50 per cent penalty loading on afternoon shifts, 100 per cent on night shifts.

A senior wheat industry executive this week described the 320 terminal workers as greedy and unruly. Most utilised the "system" to their best advantage and earned double their base salary because of excessive overtime.

The highest wage last year was \$70,000 paid to a Sydney foreman who earned more than three times his base salary of \$23,000. His wage was boosted by 1800 hours' overtime, the equivalent of working a second shift for 51.42 weeks of the year.

The highest-paid Newcastle worker received \$64,000, several earned more than \$60,000 and a number grossed more than \$50,000. The Newcastle

workers averaged \$44,000 in 1984-85, while Sydney workers averaged \$36,000.

The Sydney foreman, like the other 319 terminal workers, is paid for a 32½-hour week, yet effectively works only 25 hours and 50 minutes on a basic shift, officials said this week.

The actual working time each day is five hours and 10 minutes because of work breaks which include a 30-minute lunch break, a 30-minute morning "smoko" and other practices like stopping work 20 minutes before the end of the shift.

The two grain handling terminals are operated by Australian Workers' Union and Public Service Association members. They are among the highest-paid wage-earners in Australia.

Generally, the highest wages are paid to PSA members, who include technical workers like electricians, weighmen, clerical officers and tradesmen. They frequently work in air-conditioned offices, yet they demanded a higher dust allowance during the latest dispute.

Absenteeism is rife, with a high level of paid and unpaid sick leave. Sydney AWU members entitled to 30 days' paid sick leave after five years' employment on average received 24.46 days' paid sick leave and 8.04 days' unpaid sick leave in 1984-85.

Employees at both terminals with five years' standing received average paid sick leave of between 3.4 weeks and 4.4 weeks during the year. Sick leave is much more prevalent among longer-serving employees.

Absenteeism is another serious problem, particularly on Mondays when many take the day off following lucrative double shifts on Sundays, when 4½ days' pay can be earned by working for only 10 hours and 20 minutes.

But although Sunday is a popular working day, Saturday is regarded as something of a sabbath -- no one works.

Another serious problem is that despite the much-touted introduction of a third shift last financial year it has not once been used to load ships. The terminals cannot handle enough wheat to justify a third shift, and it would be too expensive to operate, according to officials.

Consequently, the maximum effective ship loading time in NSW is only 51 hours and 40 minutes a week.

Wheat industry officials this week blamed the management of the NSW GHA over the past 15 years for allowing the employees to get away with almost anything.

They said the cost of loading ships in Sydney on a second shift during the week was an extra \$8050 a shift, while under comparable conditions at Victorian ports the extra cost was only \$1300.

Serious grain-handling problems have continued in NSW since the GHA replaced the Grain Elevators Board in 1981.

So far, the NSW Minister for Agriculture, Mr Hallam, who is responsible for the GHA's operation, has failed to take remedial action.

AUSTRALIA

RURAL IMPACT OF SUGAR MARKET COLLAPSE REPORTED

Sydney THE AUSTRALIAN in English 27-28 Jul 85 p 1

[Article by Hugh Lunn: "When Mills Die, So Will Towns"]

[Text]

THE collapse of the world sugar price to a tenth of what it was in 1981 is threatening the future of tropical Australia.

Unless Canberra comes to the aid of the cane farmers, at least a score of sugar towns in north Queensland are expected to die, including well known towns like Tully, Ayr and Innisfail.

If no aid is forthcoming soon, production will have to be cut by up to 80 per cent and 25 of the 33 sugar mills dotted in the midst of towns up the coast of Queensland will have to shut.

And when the mills die, so will the towns.

This would be an economic disaster of unimaginable proportions for Australia. Half the population of tropical Australia — 300,000 people — live in the sugar-producing areas of Queensland north of the Tropic of Capricorn.

Not only would Australia lose population in this strategic area, but sugar exports, which have traditionally made up about 5 per cent of Australia's total export income, would end.

If the industry were forced to produce only for the domestic market it must cut production by 80 per cent — and much of the \$6 billion worth of plant and equipment it has built would become scrap metal.

Things are so bad the Federal Government has had to put the wives of cane growers on the dole — since the farmers themselves are ineligible. In the Mackay area, 350 wives are on the dole and the figure is rising every week.

Banks in Mackay report almost half the growers already having trouble paying their bills and say 8 per cent will be forced to walk off within 12 months.

Not only has the price fallen to a tenth of that five years ago, but all the predictions are that — barring a weather calamity in Europe or the United States — it will fall further during at least the next two years.

The only hope for growers is a joint federal-State-industry 100-day Committee now studying the industry and expected to report early next month.

Canegrowers have asked for a support price of \$240 a

tonne (more than double the world price), but even at this level industry leaders say a quarter of growers will go bankrupt. And some of these were rich men four years ago.

The chairman of the Queensland Canegrowers Council, Mr Fred Soper, said in Mackay that if the Federal Government did not help "we could lose up to half the 6000 growers ... It would wreck Queensland I think".

The major problem for growers is that, even if they are rich and debt-free, it may not protect them. If the mill they supply loses enough growers and is forced to close (a drop of less than 20 per cent would do it) then — unless there is another mill reasonably close by — they will have no mill to crush their sugar.

This means any cutting back of the industry must be a controlled shutdown: keeping open the best and cheapest mills. But, as Mr Soper asked, who will make that sort of decision?

"No one wants to say 'this area can't survive and this area can'. You could make some wrong decisions. There would probably be a revolt."

CSO: 4200/1516

AUSTRALIA

FIRM TO WRITE OFF PNG MINE INVESTMENT

Sydney THE AUSTRALIAN in English 27-28 Jul 85 p 25

[Article by Barry FitzGerald: "BHP To Write Off Its OK Tedi Investment"]

[Text]

THE \$1.6 billion Ok Tedi gold and copper project in Papua New Guinea's remote Western Province has turned sour, forcing 30 per cent partner BHP to write off its investment in the joint venture.

BHP said yesterday it had decided to write off its \$97.46 million equity investment in the project which has brought nothing but heartache for the partners since construction started in 1981.

BHP said it had concluded that its investment could not be supported by the project's prospects for the next few years.

"Although cash flows are expected to be adequate to meet debt obligations there is doubt whether they will provide an adequate return on the equity investment," BHP said.

It said directors had therefore decided to reduce the carrying value of this investment to nil by charging an extraordinary item of \$97.46 million in 1985.

"Every effort will continue to be made to make this important project profitable in the future," directors said.

Other partners in the ill-fated project are Amoco Minerals (30 per cent), a West German consortium (20 per cent) and the PNG Government with 20 per cent.

Besides the partners' equity in the project of more than \$320 million, there is also a heavy debut burden of about \$1 billion.

The project has been through traumatic times.

It was conceived at a time when gold prices were high and there were expectations of better copper prices around the corner.

Nervousness among the private sector partners over the outlook for copper prompted the PNG Government earlier this year to close the mine down for a month.

The Government feared that the private partners would walk away from the project once the deposit's gold cap had been mined.

CSO: 4200/1516

AUSTRALIA

SOUTH AUSTRALIAN PREMIER SEEKS JAPANESE URANIUM MARKET

Sydney THE SYDNEY MORNING HERALD in English 22 Jul 85 p 24

[Article by Simon Holberton, in Tokyo: "Western Mining Goes Hunting in Japan for Uranium Sales"]

[Text]

The first stage in the selling of the huge Roxby Downs minerals project will take place this week when the South Australian Premier, Mr Bannon, and the managing director of Western Mining Corporation, Mr Hugh Morgan, arrive here to talk to government officials and electric power companies about uranium sales.

It is doubtful whether the team will find buyers for Roxby's uranium.

When asked last week, most power companies said their needs were being met until the mid-1990s by existing contracts.

One has even moved to reduce its dependence on the existing Northern Territory suppliers, Energy Resources of Australia and Queensland Mines.

The Australians' visit has been shrouded in secrecy, but despite denials by a spokesman for Mr Bannon, he and Mr Morgan, together with two other Australians, are due here on Thursday morning for a busy round of business calls.

The group has meetings scheduled with senior officials of the Ministry of International Trade and Industry (MITI) and its natural resources and energy agency, and with electric power companies, including the Tokyo Electric Power Co.

This visit seems to be an attempt by the South Australian Government and WMC to secure a foothold in the Japanese market.

An executive with Tokyo Electric Power said he understood the group was coming to Japan to try

to tie up even a small sale starting around 1988 or 1989.

But Mr Bannon and Mr Morgan will get no joy from Tokyo Electric, as the executive said his company was fully supplied until the mid-1990s. Also, Japanese officials are playing down the prospects for future uranium needs.

"Everything is basically fixed," a MITI official said.

"Our supply needs until the mid-1990s have already been set."

An indication of Japanese thinking was given last week when Kyushu Electric Power Co said it had signed a contract with a Canadian supplier to buy 3,000 short tons of yellowcake over a 13-year period starting in 1987.

Energy Resources of Australia's Ranger mine and Queensland Mines' Nabarlek provide 50 per cent of Kyushu's needs, with Africa supplying the other 50 per cent. When the Canadian deal comes into force, Australia's share will fall to 33.3 per cent, as will Africa's.

"We don't consider Canada as a substitute for Australia," a spokesman for Kyushu said, "but we want a variety of supply sources for reasons of stability."

Australia supplies 11 per cent of Japan's requirements of yellowcake, but Canada and the UK, with 32 per cent and 23 per cent of the market respectively, account for much more.

South Africa (11 per cent), Niger (11), France (7) and the US

(6) are the other suppliers.

ERA's Ranger mine supplies the Kyushu and Chubu power companies, Mary Kathleen supplies the Tokyo and Shikoku power companies, and Queensland Mines' Nabarlek mine supplies Shikoku and Kyushu power companies.

In all, Australia supplies 22,450 short tons of yellowcake to the Japanese power industry.

Japan is embarking on huge capital expenditure program to convert the country's base-load power generation to nuclear powered plants. There are 29 nuclear power stations operating with another 12 expected to be on stream by 1994.

By 1995 the Japanese hope to be producing 54 per cent more electricity than in 1980, of which 35 per cent is projected to be provided by nuclear power.

As one observer noted, this target is based on optimistic energy use forecasts — but even failing them, nuclear power generation probably will have increased its percentage of output.

Thus, despite the negative sounds from Tokyo, the outlook for sales may not be that grave.

It seems unlikely, however, that Australian producers will get any preferential treatment unless the Japanese decide it is in their strategic interest.

In a Press statement last month, the owners of the Roxby Downs Olympic Dam copper-gold-uranium project said a final decision for the go-ahead of the project was six months away.

WMC's chairman, Sir Arvi Parbo, was quoted as saying the only obstacle to the project was the availability of markets.

A feasibility study of the project envisaged annual production of 55,000 tonnes of copper, 2,000 tonnes of uranium oxide and up to 90,000 ounces of gold.

By far the biggest earner would be uranium which, at present prices, would account for \$130 million of projected annual revenue of \$300 million.

Mr Morgan could not be contacted for comment.

CSO: 4200/1494

AUSTRALIA

ARTICLE ON ZINC PRODUCTION CUTBACK

Sydney THE SYDNEY MORNING HERALD in English 22 Jul 85 p 23

[Article by J. N. Pierce, Energy and Resources Writer: "EZ Industries Cuts Back on Zinc Production"]

[Text]

EZ Industries Ltd has cut back the annual rate of zinc production at its Risdon (Tasmania) smelter by 10,000 tonnes to 188,000 tonnes following similar moves in Canada and Europe designed to bring supply and demand into better balance.

The two other smaller Australian zinc smelters are maintaining output.

Some industry sources estimate world zinc consumption will grow by less than 1 per cent to 4.7 million tonnes this year, while mine production of the metal will rise 2.7 per cent to 5.2 million tonnes.

The EZ cut reduces Risdon output to about 88 per cent of its 214,000-tonne annual capacity and will apply indefinitely. In the financial year just ended, Risdon produced 197,000 tonnes of zinc.

"It is commercially sound for us to do it," EZ's marketing manager, Mr Alex Blain, said in Melbourne, "but we don't know for how long the present 188,000 tonne annual rate will apply. We have left it open."

Although the CRA group's Australian Mining and Smelting subsidiary has not followed suit with its Australian zinc smelters, it is

reported to be reducing the combined output of its wholly owned Avonmouth (UK) smelter and its 50 per cent owned Budel (Holland) smelter so that its 1985 share will be 14,000 tonnes below the 1984 total of 191,000 tonnes.

The cuts were described as being for technical as well as market reasons.

In Australia, AM&S operates the 70,000-tonnes-a-year Sulphide Corporation smelter at Cockle Creek near Newcastle and, through its 70 per cent owned Broken Hill Associated Smelters operation at Port Pirie, South Australia, the 45,000-tonnes-a-year zinc smelter which is ancillary to the huge 250,000-tonnes-a-year lead smelter and refinery.

North Broken Hill, which now owns EZ Industries following last year's cash/share offer for the 69.5 per cent equity it did not already own, has the other 30 per cent of BHAS.

An AM&S spokesman in Melbourne said the Cockle Creek and BHAS zinc smelters were "currently operating at planned rates of production which are close to capacity levels, consistent with the suite of raw materials available for treatment". He said the recent

problems which had put the BHAS main furnace out of action for two weeks did not affect the plant's zinc production.

The widespread smelter cutbacks, which, however, have not been followed by producers such as Mexico and Peru, are being made against a background of continued declines in the European Producer Price (EPP) for zinc - the "consensus price" published by the Metal Bulletin of London after a number of producers change their prices.

On July 11, the Metal Bulletin reduced the EPP further by \$US50 to \$US830 (\$A70 to \$A1170) a tonne after earlier cuts of \$US50 on June 18 and \$US30 on May 24.

The reduction in June was followed by an all-round cut of \$A81 a tonne in Australian domestic zinc prices from the beginning of July and a further cut can be expected from the beginning of August unless there is a significant reversal of present trends.

The industry says there will be a "double-whammy" effect. The EPP is down in US dollar terms and the Australian dollar has strengthened against the US dollar. But the size of the reduction will not be known until the end of the month.

AUSTRALIA

BRIEFS

CANBERRA URGES MANDELA'S RELEASE--Australia has called on South Africa to immediately release the jailed Black nationalist leader, Nelson Mandela, as an essential step toward ending apartheid. The Minister for Foreign Affairs, Mr Hayden, said the federal cabinet had considered the situation in South Africa again and expressed serious concern at the rising violence and loss of life. Mr Hayden said the cabinet condemned the arrest of Dr Allan Boesak, the president of the World Alliance of Reformed Churches, and 26 other black leaders. He said ministers felt the immediate release of Nelson Mandela was an essential step toward dialogue and negotiation leading to the end of apartheid and a transition to united, free, and democratic South Africa. They also condemned the South African Government's continuing intolerance of what they called the legitimate political expression. Meanwhile, Radio Australia's Darwin office reports that the South African Ambassador to Australia, Mr Cornelius Bastiaanse, was jostled by about 100 anti-apartheid demonstrators in Darwin yesterday. Mr Bastiaanse was in Darwin to give a speech to the local press club. The ambassador told the press club that South Africa had accepted international concern that non-whites have been excluded from sporting teams. However, he said it was a pity Commonwealth countries continued to deny sporting contacts with South Africa. [Text] [Melbourne Overseas Service in English 0130 GMT 4 Sep 85 BK]

AGREEMENT ON WAGE DISCOUNTING--The federal government and the Australian Council of Trade Unions [ACTU] have reached an agreement designed to preserve prices and income accord. The Treasurer, Mr Keating, says under the agreement the government will seek a 2 percent discount on wages at next April's wage rise case rather than at the case presently being heard in Melbourne this week. In return, the government will grant what he calls substantial tax cuts next September. Mr Keating says the agreement will mean that the prices and income accord will be extended for a further 2 years. The discount is being sought to allow for the recent depreciation of the Australian dollar. Radio Australia's Canberra office says the ACTU has also agreed to defer its claim for a wage increase based on productivity of next July, and that the amount it will seek will drop from 4 percent to 3 percent. In terms of the present wage case being heard, our office says the government will support a full flow on of the latest rise in the consumer price index of 3.8 percent. [Text] [Melbourne Overseas Service in English 0830 GMT 4 Sep 85 BK]

FIJI

BRIEFS

NEW ZEALAND, CHINA ASSISTANCE--Suva--New Zealand and China have bailed out the Fiji economy from a difficult situation with their decisions to sign long-term contracts to buy sugar. The Fiji Sugar Corporation says the two contracts mean Fiji's 22,000 sugarcane growers will get at least \$F23 a tonne for cane they harvest this year. Two months ago when cane harvesting was due to begin, thousands of farmers refused to start cutting it after hearing a Sugar Corporation estimate that because of badly depressed world sugar prices they would get only about \$F17.50 a tonne, an amount barely exceeding production costs. New Zealand has agreed to buy 63,000 tonnes of Fiji sugar a year for the next three years for an undisclosed price which will be above the present slumped world price. The Chinese have agreed to take from 40,000 to 50,000 tonnes a year even though China is now self-sufficient for sugar. They will pay for it at a rate which the Fiji Government says will be considerably higher than the going free market rate and even more important will pay the cost of shipping it from Fiji. [Text] [Auckland NEW ZEALAND HERALD in English 3 Aug 85 p 1]

CSO: 4200/1521

INDONESIA

BRIEFS

NO GUARANTEE AGAINST SATELLITE DRIFT--Minister for Tourism, Posts, and Telecommunications Ahmad Tahir says there is no guarantee that the Palapa B-1 satellite will not drift from its orbit again. However, it has been proved that Indonesian technicians are able to return the satellite to its original position in a short time in the event that such an incident recurs. Minister Tahir made the remarks in Jakarta last night during a parliamentary session chaired by (Mohamed Akhil). As for the cause of the recent drift of the Palapa B-1 satellite, Minister Tahir attributed it to the irregularities of the (?altitude control equipment) [preceding three words in English]. The equipment's task is to [words indistinct]. [Text] [Jakarta Domestic Service in Indonesian 2300 GMT 4 Sep 85 BK]

JAKARTA PAPER RESUMES PUBLICATION--The information minister issued a letter of decision dated 27 August permitting the JAYAKARTA daily published in Jakarta to resume publication. The newspaper was temporarily banned some time ago for failing to meet administrative requirements. [Summary] [Jakarta BERITA BUANA in Indonesian 29 Aug 85 BK]

FERTILIZER EXPORT TO PRC--About 10,000 metric tons of urea fertilizer worth \$1.29 million were shipped from Surabaya to Guizhou in the PRC last month. The fertilizer was produced by the Sriwijaya Fertilizer Company. [Summary] [Jakarta Domestic Service in Indonesian 0700 GMT 6 Sep 85 BK]

CSO: 4213/322

KIRIBATI

AFP ANALYST VIEWS CONCERN OVER KIRIBATI-SOVIET TREATY

HK040402 Hong Kong AFP in English 0329 GMT 4 Sep 85

[Article by Ian Pedley]

[Text] Sydney, Australia, 4 Sep (AFP)--The Soviet Union's first treaty with a Pacific ocean nation has sparked concern among Western governments who fear it could start a ripple effect.

Last month Moscow gained its first toehold in the Pacific when it signed a fishing treaty with the tiny nation of Kiribati after several months of negotiations, carried out in Sydney, Singapore and the Philippines.

Australian Government sources say the 1.7 million dollar deal gives the Soviet Union fishing rights for one year within Kiribati's economic zone, a vast mid-Pacific area of some five million square kilometres (two million square miles) around the nation's 30 scattered islands.

It does not, however, allow the Soviets to fish inside Kiribati's 12-nautical mile territorial limit or give them any shore facilities.

The Kiribati question was raised at talks in Washington last week between U.S. Secretary of State Caspar Weinberger and visiting Australian Defence Minister Kim Beazley.

The U.S. State Department has voiced concern that the Soviets now have a springboard to expand their influence in the Pacific, whereas previously they [had] only occasional contact through embassies in Canberra and Wellington.

Australia is not making waves now that the treaty has been signed, though a government spokesman said a very close watch was being kept on developments.

Wellington too is keeping a wary eye on things, analysts here said, although observers saw little strategic significance in the Kiribati deal.

Earlier this year Tuvalu--which together with Kiribati used to make up the Gilbert and Ellice islands, a British colony until 10 years ago--and the Solomon Islands turned down similar approaches from Moscow.

However, Vanuatu is still considering Soviet overtures which, according to analysts, obviously have little to do with fishing since Vanuatu does not have one of the Pacific's more productive fishing grounds.

Both Canberra and Washington had been trying to head off the signing of the Kiribati agreement, but Reagan officials felt Australia had been in a better position to influence Kiribati.

An Australian Government spokesman said: "We acknowledge Kiribati's sovereign right to enter into this type of agreement," he said.

"We have already made our position very clear but we're also happy that Kiribati has made its own decision," the spokesman said, adding that Australia was similarly not putting pressure on Vanuatu against signing an agreement.

Prime Minister Bob Hawke is likely to meet Vanuatu leaders in Port Moresby this month during celebrations to mark the tenth anniversary of Papua New Guinea's independence, but the spokesman said Mr Hawke certainly would not be raising the Soviet fishing issue.

The Centre for Strategic and Defence Studies at the Australian National University sees the Kiribati treaty in a much less sinister light than the official view from Canberra or Washington.

A spokesman for the centre told AGENCE FRANCE-PRESSE that while it was well known that the Soviet merchant marine and fishing vessels had intelligence gathering capabilities, there would be little to interest them at Kiribati or elsewhere in the Pacific.

"Obviously there could be some diplomatic advantages for the Soviet Union, but there is nothing for them to gain in the strategic sense at Kiribati, Vanuatu or any of the other islands."

The spokesman said the United States had only itself to blame for letting the situation develop by refusing to make its own tuna fishermen pay for the right to fish in Kiribati's waters.

"This is a case of a small nation putting out a signal that it has development problems and wants money, and the United States didn't heed the call."

The spokesman added that official U.S. thinking appeared to be colored by unrelated developments in the Pacific such as New Zealand's stand against visits by nuclear-armed American warships.

"Washington sees Kiribati as feeding what it calls the anti-nuclear allergy in the Pacific, but this just isn't the case."

CSO: 4200/1507

MALAYSIA

COMMENTARY VIEWS POL POT'S 'RESIGNATION'

BK041220 Kuala Lumpur International Service in English 0800 GMT 4 Sep 85

[Unattributed commentary]

[Text] The news report announcing the resignation of Pol Pot--the Khmer Rouge military leader--will undoubtedly [word indistinct] much comment in different parts of the world. The Thai foreign minister has described this development as a positive step for the future of Kampuchean relations with Vietnam and Southeast Asia. For some time, various reports have been published suggesting that Pol Pot was in poor health. Now it has been confirmed that he will be relegated to somewhat less important position in the Khmer Rouge establishment.

ASEAN and the rest of the world will be particularly interested in the reaction of the Vietnamese Government to Pol Pot's exit from the political stage. The Vietnamese, in rejecting any and every proposal for a negotiated settlement of the Kampuchean crisis, have always cited the past record of Pol Pot as moral justification for their refusal to embark on talks with the tripartite Coalition Government of Democratic Kampuchea. Indeed, a major strategy of Hanoi's diplomatic offensive has been to keep alive the excesses of Pol Pot's government towards the Kampuchean people during the period 1975-79. Only by recalling that gruesome chapter in Kampuchean history can Vietnam hope to win a small degree of support for its hold on Kampuchea.

However, now that a flimsy pretext is no longer valid, it will be interesting to see what other postures the Vietnamese will adopt to divert world attention from their own imperialistic policies in Kampuchea and in Laos. Already some commentators have said that Hanoi will not give up its attacks on Pol Pot. It may even choose to officially interpret the report as a mere cosmetic change on the part of the anti-Vietnamese tripartite coalition. But as far as ASEAN and other nations and peoples that sympathize with the Kampuchean plight are concerned, Vietnam must stop trying to be an arbitrator and leave the Kampucheans themselves to work out their own political destiny.

It is all very well to come down harshly on a despot regime and overthrow it as Vietnam did to the Pol Pot regime nearly 8 years ago. But to occupy that

country and to take advantage of its impoverishment is nothing short of naked aggression and colonialism in a new form. What is worse, Vietnam has not had any compunction whatsoever in entering the territory of Thailand in the course of its anti-Khmer Rouge operations. We can safely assume that, in the next few days both at the Luanda conference of the nonaligned nations and elsewhere, Vietnamese diplomacy will be centered on presenting a very formidable image of itself while describing Prince Sihanouk's government as a puppet of China. Similarly, there will be moves afoot to try to secure recognition for the Heng Samrin government in Phnom Penh. All this will be taking place against the backdrop of the 40th anniversary of Ho Chi Minh's declaration of independence from French colonial rule.

ASEAN respects Vietnam's sovereignty, but it asks that Kampuchean sovereignty should also be respected.

CSO: 4200/4198

MALAYSIA

PAPER CALLS FOR SRV RESPONSE TO POL POT MOVE

BK051327 Kuala Lumpur NEW STRAITS TIMES in English 4 Sep 85 p 8

[Editorial: "Kampuchean Hopes"]

[Text] There will be rejoicing on both sides of the warring factions over the retirement of Khmer Rouge army strongman Pol Pot, but this rather sudden turn of events become politically significant only to the extent that both parties seize this opportunity to make a more determined effort to find a solution to the Kampuchean issue. Although the Khmer Rouge is a partner in the Coalition Government of Democratic Kampuchea, there was no love lost between Pol Pot and CGDK leader Prince Norodom Sihanouk. The chief architect of the atrocities perpetrated in Kampuchea during four years of rule leading to his overthrow by Vietnamese forces in 1979, Pol Pot has been said to have become a symbol of some of the worst examples of man's inhumanity to man. As for Vietnam which has some 170,000 troops on Kampuchean soil, a pre-requisite for their troop withdrawal is the complete annihilation of the Khmer Rouge. Pol Pot's departure has been one condition demanded by Vietnam for a settlement of the Kampuchean question. Now that he has left the scene, will the Vietnamese leave Kampuchea? This is the big test of their sincerity.

The Khmer Rouge radio said in its announcement on Monday that Pol Pot has been replaced by Defense Minister Son Sen, a man described by Thai Foreign Minister Sitthi Sawetsila as "a very good man and quite agreeable". But the worrying fact, at least for the Vietnamese, is that Pol Pot has not been completely stripped of his power nor reduced in military rank. He was appointed chairman of a high-level technical office for national defence. He certainly is too close to the corridors of military power for anybody opposed to him to take comfort in his "retirement". In the past the Vietnamese never needed any excuse for adopting an intractable stance over the numerous peace initiatives of the CGDK and its supports in Asia and the West. The Vietnamese have reacted coolly to the news about Pol Pot. For them, the latest move is nothing more than a ruse for Pol Pot to wait in the sidelines and to re-enter the stage when political concessions have been obtained.

Vietnam is now deeply involved in a high-level public relations exercise, in preparation for the forthcoming non-aligned conference in Lusaka [as published] and the United Nations General Assembly. Their efforts are timed

to take advantage of the annual voting at the UN for the Kampuchean seat. While ASEAN wants to seat the CGDK, the Vietnamese are reportedly trying to dampen ASEAN efforts. In its bid now to win friends in international forums, it does not have the time nor the inclination to negotiate with the CGDK or anybody else merely on the premise that the Pol Pot exit holds out some value promise. The rise and fall of petty despots, especially of those who are not really in any position to dictate terms to it, is not now going to be a determinant in its larger scheme of things--specifically the Vietnamisation of Kampuchea. It has already promised to recall all its troops by 1990 and there is no need now to hurry merely because Pol Pot has stepped aside.

But it will be to Vietnam's folly if it fails to respond positively to the news that Pol Pot is no more at the helm. For, otherwise when it does decide to negotiate, the CGDK could by then be a more potent force, able to dictate terms and capable of enforcing them. As Deputy Prime Minister Datuk Musa Hitam pointed out yesterday, with Pol Pot out of the way, the Sihanouk coalition stands a good chance of receiving foreign help and support from those who had earlier withheld aid.

CSO: 4200/1498

MALAYSIA

RMAF SKYHAWK SQUADRONS OPERATION BY DECEMBER

Kuala Lumpur NEW STRAITS TIMES in English 7 Aug 85 p 4

[Text]

The two Skyhawk A-4 squadrons of the Royal Malaysian Air Force (RMAF) will be fully operational by the middle of next year, Chief of Air Force Lt-Jen Datuk Mohamed Ngah said today.

He said the first of the squadrons, the Sixth Squadron, would be fully operational by the end of this year and the second, the Ninth Squadron, six months later.

All the 40 Skyhawk aircraft would have been delivered by the end of this year, he told newsmen during his annual visit to the RMAF base in Sungai Besi.

So far, 29 of the planes had been delivered. One more was scheduled for delivery next month.

Datuk Mohamed Ngah said the RMAF now had 10 pilots trained to fly the Skyhawk.

He also said that the Tebuan aircraft would be phased out once the two Skyhawk squadrons became fully operational.

Addressing officers and staff at the base, Datuk Mohamed Ngah said they should be prepared to shoulder the new responsibility of the RMAF as the front-line force of the Armed Forces.

He said the RMAF had taken steps to streamline its position in line with the new responsibility.

The first step was to identify and overcome weaknesses in the force and the second to change the system of administration of the Air Force department, he said.

There was a need to review the system of management to enhance the morale, discipline and position of the force, he added.

Datuk Mohamed Ngah said he had directed that a standard management system be used at all RMAF bases in the nation.

The system, under which various groups and sections would be set up, would create an attitude of one member of the force having responsibility for another, he said.

On the transfer of the Sungai Besi base to Subang, he said it would be carried out in stages with the Hercules C130 aircraft moving there in October.

The first phase of the project would be completed next month while the whole project was expected to be completed by early 1990.

Datuk Mohamed Ngah,

who was on his first visit here since becoming the RMAF chief, said even after the transfer, the Sungai Besi base would continue to be used by small aircraft and VIPs and would serve as an additional airport besides the Kuala Lumpur International Airport. — Bernama

MALAYSIA

CONSTITUTION OF NEW CHINESE PARTY COMPLETED

Kuala Lumpur NEW STRAITS TIMES in English 14 Aug 85 p 2

[Text]

The proposed Malaysian Chinese Unity Movement (MCUM) working committee has completed its draft constitution.

Copies of the constitution will be made available to those interested.

MCUM spokesman Mr Arthur Lee today said that among the aims of the movement are:

- To establish Chinese unity for national unity;
- To preserve and promote the political, social, educational, cultural, economic and general welfare of Malaysian Chinese;
- To emphasize its members' role in nation building;
- To maintain its members' pride and dignity as Malaysians; and
- To preserve, protect and defend the independence, sovereignty and constitution of Malaysia and the tenets of the Rukunegara.

The draft constitution is presented in three parts. Part one covers the establishment of the party, its emblem, anthem, aims and membership.

Part two includes the party machinery which comprise the national assembly — the party's supreme authority and the national council, the divisions, branches and grassroots, while the final part covers the general provisions.

Mr Lee said the draft constitution provides for the outgoing State Liaison Councils to nominate candidates for the presidency.

It is also provided that [words indistinct]

- To establish Chinese unity for national unity;
- To preserve and promote the political, social, educational, cultural, economic and general welfare of Malaysian Chinese;
- To emphasize its members' role in nation building;
- To maintain its members' pride and dignity as Malaysians; and
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Part two includes the party machinery which comprise the national assembly — the party's supreme authority and the national council, the divisions, branches and grassroots, while the final part covers the general provisions.

Mr Lee said the draft constitution provides for the outgoing State Liaison Councils to nominate candidates for the presidency.

It is also provided that if a presidential candidate is not nominated by his home State, then his nomination becomes null and void.

In addition, the presidential nominee is given a free hand to choose the first and second deputy presidents as his "running mates".

The leaders are then elected by members at the branch conferences which are held every three years.

The constitution also specifies that a president is not allowed to hold office for more than three consecutive terms.

Some of the special features in the draft constitution are the provisions for the removal of the president who ceases to enjoy the confidence of the members, the setting up of an educational trust fund and prescribed oaths to be taken by the leaders of the party.

Mr Lee declined to reveal the identity of the 10 working committee members but said they are all Johore-based.

He denied that the movement would further split the Chinese vote during the general elections.

MALAYSIA

BRIEFS

MAHATHIR TO HEAD HOUSING MINISTRY--The prime minister will act as minister for housing and local government for the time being in place of Datuk Dr Neo Yee Pan. He said the duties of Datuk Dr Neo were terminated after the Barisan Nasional Supreme Council meeting on the 17th of last month. Datuk Sri Dr Mahathir told the cabinet at a weekly cabinet meeting today that he will act as the minister until there is a need for change. The minister of information, Datuk Rais Yatim, told newsmen that the matter had been debated and all functions and services of the ministry will be under the supervision of the prime minister. [Excerpt] [Kuala Lumpur Domestic Service in English 1130 GMT 4 Sep 85 BK]

INTENSIFICATION OF BORDER OPERATIONS--Malaysian and Thai security forces are to intensify their operations against communist terrorists in the common border areas. Details of the operations will be discussed at the next Malaysia-Thai General Border Committee meetings. The chief of the armed forces, General Tan Sri Mohamed Ghazali Seth, was speaking at the end of a 3-day visit to Bangkok. He said the situation of the Thai-Malaysian border is well under control, but Malaysia has to continue the operations and work together with the Thai side. Tan Sri Ghazali, who met Thai Supreme Commander General Athit Kamlang-ek for discussions, described the existing military cooperation between the two countries as good. He also called on Prime Minister Prem Tinsulanon. In keeping with the close cooperation between the two countries, the Royal Thai Navy and the Royal Malaysian Navy will be holding their annual combined exercise in [name indistinct] this month. [Text] [Kuala Lumpur International Service in English 0600 GMT 5 Sep 85 BK]

CSO: 4200/1498

NEW ZEALAND

AUSTRALIAN WORRY ON U.S.-EUROPE TRADE WAR SHARED

Auckland THE NEW ZEALAND HERALD in English 24 Jul 85 p 4

[Text] New Zealand and Australia, under threat from the developing trade war between the United States and Europe, will be looking to more co-operation in marketing food exports, says the Minister of Agriculture, Mr Moyle.

While problems had to be resolved between the Tasman neighbours over marketing under closer economic relations, Mr Moyle said, both countries were looking to the threat of the fallout from the trade war to world markets.

"We are conscious of the dangers of a trade war between Europe and the United States, and we share Australian concerns," he said in an interview before his return yesterday to Wellington from an Australian agriculture ministers' meeting in Darwin at the weekend.

Under Stress

"Anything we can do in conjunction with Australia we will do.

"Agriculture is under stress around the world, and Australia and New Zealand are bearing the brunt of it.

"Both countries see the threat of the growth of protectionism and trade wars, and it is something we have to address our attention to."

Mr Moyle said there would be more co-operation with the Australians in future years in the marketing of agricultural and horticultural produce.

There was already evidence of a joint approach in the recent action to protect southern blue fin tuna from over-fishing by the Japanese.

The minister said fisheries managers blamed diminishing stocks of the once plentiful tuna on Japanese fishing, which took too many young fish in Australian waters on the migratory path that also took them across the Tasman to New Zealand.

Suspensions

He said joint approaches were made to the Japanese who were excluded from the fishery, which was now expected to fully recover in a few years.

But Mr Moyle agreed that a range of problems and mutual suspicions had to be ironed out before greater trans-Tasman co-operation became firmly established.

One major area of concern in the one-day ministers' meeting at Darwin on Sunday was that of Tasmania, which has traditionally regarded Australia as its market for agricultural and horticultural produce, but was being hit hard by New Zealand imports.

NEW ZEALAND

COLUMNIST ANALYZES ECONOMIC SPIN-OFFS OF 'THINK BIG'

Wellington THE EVENING POST in English 30 Jul 85 p 4

[Article by Tony Garnier in "Tony Garnier's Weekwatch" column: "Rich Spin-offs May go Begging"]

[Text] The government will do itself needless harm if it rejects entirely the national-conceived "think big" development strategy, as a senior minister recently talked of doing.

The original aim of the energy self-sufficiency programme was to use Maui gas to steer New Zealand from dependence on imported petrol and oil by the 1990s. In the process, huge savings in expenditure of overseas funds were anticipated so helping the country return to living within what it learned.

The previous government went ahead with the projects, despite scepticism in many quarters, including Treasury. The economic benefits had been exaggerated, it was claimed. The huge investment funds could have been better spent elsewhere, both in terms of creating jobs and an economic return.

Confirm

A recently released Treasury analysis seems to confirm what many New Zealanders have long suspected: National's emphasis on "think big" was nothing more than a "development fetishism."

As Wellington economist Brian Easton said in 1980, "if we were to give even half of the attention to farming and industry that we have been giving to the large-scale capital-intensive projects, then we could double our confidence in our future."

In the light of this history, it is perhaps, therefore, hardly surprising that an associate finance minister, Richard Prebble, responded to the Treasury analysis by accusing National of spending billions of dollars building modern-day "pyramids." He said the present government had decisively turned its back on "think big" with a more sophisticated economic policy which would eventually help small business flourish.

But hold on. This assessment ignores at least two vital considerations.

The Treasury analysis may be incomplete. Second, scientists have recently revealed strong evidence suggesting the real worth of the "think big" projects is that they could be the basis of a globally significant chemical and manufacturing industry rather than an energy strategy.

As one senior official (not in Treasury) put it to me, the projects could come to have a far wider application and significance than Treasury has allowed.

Indeed, as a result of a visit to Europe, I have become aware of strong international interest in the downstream possibilities of some of the Maui gas projects specially--West Germany, Japan, the United States--coupled with a degree of frustration at the apparent lack of reciprocal interest within the government.

An apparent weakness in Mr Prebble's view of "think big" is in failing to connect recent science results with economic decision-making. This aspect featured in a Washington-based report last week. Writing in "Nature" magazine after a visit to New Zealand, Tokyo-based correspondent Alun Anderson criticised government and local industry for not realising the full benefits of long-term projects.

The government's user-pay policy on science was doing needless damage, he said.

He wondered how New Zealand could achieve goals it had set itself, to modernise the economy, without giving science a top priority.

He identified three types of scientist in New Zealand: those who were furious about their present situation, those who professed philosophical resignation, and those thinking of moving overseas.

Sink

This description applies to New Zealanders in many areas, and explains the big (and still growing) staff shortages in many government departments. It may yet sink and hopes the government has of a planned economic recovery, but that's another story.

Meanwhile, the Treasury analysis of "think big" can be questioned on three counts.

As former energy minister Bill Birch has noted, Treasury has hooked on to an arbitrary 10 percent profitability cut-off rate.

In fact, all the projects will make a positive real return on investment.

Also, there were many private-sector projects which were not doing as well as Treasury's guideline, but were, nonetheless, still profitable. Second, the potential big returns of downstream projects was not included.

Third, Treasury blamed the energy-planning process for helping to lead the then government up the garden path with wrong information. However, an Energy Ministry official points out that the planning process wasn't started until 1980, well after the "think big" decisions were taken; energy planning had been on target, and if this work had been done before the projects were decided on, maybe the decisions would have been different.

In fact, "think big" was a political decision rather than one taken on commercial grounds. It is the political decision-making process which may need the over-haul.

Equally, the rejection of "think big" follow-ups is in danger of being a political rather than commercial decision, it seems.

The synfuel project in Taranaki is a good example of the limitless potential of "think big" to provide New Zealand with a leading world-class industry, but which may never happen through a lack of "connection" between science and political decision-making.

Potential

Among possible byproducts of the petrol to be produced at Motunui is a substance known as durene. This is the key ingredient for a rare raw material, code-named PMDA, for a heat-resistant space-age plastic.

The Western world produces about 1,000 tons at a plant in the United States. It is used by space and computer industries in the United States, West Germany and Japan.

Motunui has the potential to produce 35 times the world production, without altering the planned configuration of the plant.

Exported in raw form, it is estimated New Zealand would earn up to \$20 million annually. In a mature industry, New Zealand would earn upward of \$200 million a year, as well as creating new jobs, and gaining a world monopoly industry.

At least three international companies (linked with New Zealand interests) are lobbying to be allowed access to the raw product.

The Minister of Energy, Mr Tizard, recently said the overwhelming intention is to get Motunui operating as intended, producing synthetic petrol. The \$3,000 million plans is on target to begin production early next year. Mr Tizard says the potential for further developments will be assessed only after the plant has proved itself in the role for which it was intended.

However, in a somewhat surprising announcement, he has told would-be developers they should not assume that proposals with a greater New Zealand-based processing content will be treated more favourably than totally overseas bidders.

The word is that the government would prefer to allow the raw byproduct to be exported for a safe income, rather than risk a commitment to a processing venture of durene-based plastics, despite all the signs that the few national (U.S., Japan, West Germany) innovative high-technology markets of the 1970s are rapidly becoming the global markets of the 1980s and beyond.

This is not how New Zealand successfully pioneered its world-class agriculture industry early this century.

Slap in Face

Taking the easy option would not only show a lack of imagination but be a slap in the face to the many creative New Zealand interests prepared to have a go at giving New Zealand a proper world-class industry at the leading edge of innovation.

For generations, New Zealand has been dependent on agriculture; in particular, its world-class dairy and wool sectors. For more than a decade, there has been a call to diversify the base of the economy with new enterprises based on local resources other than agriculture.

Yet as the 1990s approach, New Zealand remains 80 percent dependent on agriculture for export income.

If the scientific and technological challenges offered by raw resources such as Maui gas are not fully commercialised "by Kiwis, for New Zealand," then, obviously, the trend for skilled people to shift elsewhere will continue. New Zealand's economic "miracle" recovery will never happen.

CSO: 4200/1493

NEW ZEALAND

NEW ZEALAND PARTY UNDER INTERIM LEADERSHIP

Auckland THE NEW ZEALAND HERALD in English 23 Jul 85 p 3

[Text]

Political Reporter

Two Aucklanders have taken over the interim running of the New Zealand Party after the party leader, Mr Bob Jones, and the organisation's top two officials resigned yesterday.

The deputy leader, Mrs Janie Pearce, and the vice-president, Mr Earle Thompson, say they are now the acting leader and acting president.

Mrs Pearce, an insurance broker, is a qualified lawyer, and Mr Thompson runs the Albany Wholesale Meats Chain.

They plan to run the party until rank-and-file members can decide the organisation's future at the party conference scheduled to be held in Auckland at the end of next week.

Mr Thompson says he has negotiated the use of the Sheraton Auckland Hotel as the venue, despite threats from the former president, Mr Malcolm McDonald, to seek a court injunction against the Sheraton.

Just before noon yesterday, Mr Jones, Mr McDonald and the party director-general, Mr Charles Begg, announced they had resigned from their posts and from the party.

Their resignations came as the crisis which followed the announcement of an 18-month recess of the organ-

isation entered its third week.

Mr McDonald said the resignations might be retracted if the rank-and-file rose up in strong public support of a continued Jones-McDonald leadership.

But Mr Thompson says he no longer recognises Mr Jones and Mr McDonald because they have resigned, and Mrs Pearce said such a call to the party grassroots seemed to be an irresponsible attempt to split the organisation.

The resignation of Mr Jones comes just under two years after he founded the New Zealand Party on a platform of "freedom and prosperity" which saw it take 12 per cent of the votes — but no seats — at the snap election last July.

It follows what seems to be an irreparable rift between Mr Jones and the Auckland division which began publicly a fortnight ago with the calling of a "recess" when the Aucklanders failed to send a promised \$850 cheque to the party headquarters in Wellington.

Mr Jones, who leaves for Australia today on business, said yesterday that he was walking away from the party because he was not prepared to work with the leaders of the Auckland division and some other council members.

"I feel a weight off my shoulders from being quit of these people," he said.

"When they have mucked it all up, we may take another look and come back into the party. If they all resign, we will take another look at it."

Mrs Pearce said last night that she expected a big turnout at the party conference, predicting that Mr Jones' resignation would bring the party together.

But she said that, although she would be happy to stand as deputy leader again, she would not seek the leadership because she did not have the time or the resources.

From Christchurch, Mr McDonald said that, if the vast majority of the party's 20,000-plus membership wanted the Jones-McDonald leadership to continue, it should express loud public support.

"If they do that, we will reconsider our position. If not, I will go running, Bob will go fishing, Charles will get well and the party will degenerate into a small, right-wing extremist group."

(The "Charles will get well" remark refers to Mr Begg, who has been ill.)

Told of those comments, Mrs Pearce said Mr McDonald seemed to be trying to split the party.

"It is irresponsible. I find it an extraordinary way of going about things. I would have thought the conference was the place to get the members' views."

Mrs Pearce said Mr Jones and Mr McDonald appeared to have tried to create a rift between the Auckland division and the rest of the party in a desperate attempt to stop the conference going ahead.

The man who has taken over as acting president, Mr Thompson, saw the Sheraton management yesterday afternoon to confirm the booking for the conference after Mr McDonald had earlier threatened legal action if the hotel were used.

He said enough members had registered to take the conference well past the break-even point. Now Mr McDonald had resigned, the injunction threat was invalid.

Mr Thompson said he would remain acting president until the conference, where the members would vote on who should replace Mr Jones and Mr McDonald.

He would be available for the presidency, though he added that a number of people were capable of taking the post.

CSO: 4200/1493

NEW ZEALAND

PAPER ANALYZES NEW ASEAN WARINESS TOWARD WELLINGTON

Wellington THE EVENING POST in English 31 Jul 85 p 6

[Commentary by Bruce Kohn: "ASEAN Shows New Wariness in Dealings With NZ"]

[Text] **W**HEN ELEMENTS of mistrust enter into diplomatic dealings the seeds are sown for future wrangling which can impinge on a whole range of a nation's dealings abroad.

It is for this reason that grounds exist for a close scrutiny of what is going on in the conduct of New Zealand's relations with those countries with which it has had a long and close association.

The troubles in bilateral dealings with the United States are well known. The depth of resentment within the Australian Government at New Zealand's anti-nuclear stance is less well known but perhaps more critical to the future of New Zealand development.

Shook

But the extent to which Wellington's relationship with the six-nation Asean grouping is deteriorating gives cause for added concern.

There are a number of reasons. The first stems from the stand taken against US nuclear-capable ship visits. This shook South-east Asian confidence in New Zealand as a reliable and consistent friend in the sense of both strategic and economic development.

Strategically, it made sense to the Asean countries — Thailand, Malaysia, Singapore, the Philippines, Indonesia and Brunei — that New Zealand stood closely aligned to the US as part of umbrella security arrangements stretching, in effect, from San Diego through Honolulu to Wellington, Singapore, Bangkok, Tokyo and Manila.

Perceptions were that one rib in the umbrella defence coverage of the region had, at best, bent, at worst, snapped.

If Wellington was prepared to risk a breakdown of security arrangements with the US, then how strong were its commitments to strategic co-operation with South-east Asia ran their thinking, according to Asean officials.

The governments of the six became aware of dealings between the US and Wellington which, according to these sources, called into question as far as Asean was concerned the credibility of New Zealand statements.

The dealings involved exchanges between Washington and Wellington over the proposed visit of the USS Buchanan.

High-level sources with a knowledge of negotiations said US officials first negotiated with the Foreign Ministry on the text of a formal note to be delivered to the Government. Wording was settled and a formal note dispatched. The New Zealand Government then sought further information from the US.

A rough draft of the reply to this was also checked with the Foreign Ministry. Amendments were made after discussions and then a second formal note given to the New Zealand Government.

These exchanges led to a belief that prospects were strong that the port-calls issue, at least as far as the Buchanan was concerned, would be settled. The reason for the belief was that if New Zealand was prepared to enter into such exchanges on the text of the formal note, agreement on its wording indicated a willingness to accept what was set out in it.

It was after this second note, agreed in negotiation, was sent in by the US that the New Zealand Government amended its anti-nuclear policy to exclude nuclear-capable vessels — a move which effectively ruled out the visit by the Buchanan.

Subsequent American concern about the "good faith" of the New Zealand Government rubbed off in the views Asean and Japan held about the direction New Zealand foreign policy was heading, according to Asian sources.

Subsequently, they said, the peremptory New Zealand action on trade preferences for Singapore and Brunei added to the doubts Asean ministers felt about the course of New Zealand policy.

Negotiations on this issue have been carried out. As for the direct trade difficulty, the issue has been resolved. But again, in the view of Asean authorities, the feeling that Wellington may reflect less sensitivity than previously to their concerns was given credibility.

Impetus was provided by reports reaching Asean capitals, these sources said, that the Deputy Minister of Foreign Affairs, Mr O'Flynn, considered the grouping unnecessarily overbearing in the demands for diplomatic support it placed on New Zealand.

Massive

It may be that Mr O'Flynn does not believe this to be the case. But what is important is that Asean governments do not, in the words of Asians with a close knowledge of events to date, see him, and through him the New Zealand Government, as a close friend, sensitive to the issues they confront. Among these issues are the massive Vietnamese presence in Cambodia (Kampuchea) along the Thai frontier and the build-up of a Soviet offensive capability in Vietnam.

These Asians say the situation in the Philippines is of much more concern to Asean governments than the perceptions now held of New Zealand as a less-than-wholly dependable partner.

Australian authorities in Canberra are well aware of the state of Asean-New Zealand relations. In this climate they are seeking to exploit in trade terms the greater feeling of trust that now exists between Canberra and Asean, when once, according to Asean officials, there was a stronger leaning towards Wellington than Canberra.

It is not difficult for Asean governments to nudge their major buyers towards a preference for goods from one country rather than another. And it is devilishly difficult to counter, involving as it does no more than a word or two in the right ear.

Perhaps a key point in the situation is that Asean governments do not yet see in the present government a desire to develop and promote New Zealand-South-east Asian links as strong as that it had been accustomed to during the days of Norman Kirk, Brian Talboys and Warren Cooper.

These individuals forged personal bonds with Asean leaders which helped in smoothing out the path of relationships. Each was perceived within Asean to have a strong commitment to come to an understanding of South-east Asian aspirations, worries and problems and to work for New Zealand to act as a partner in dealing with them.

It is this sense of partnership which seems in danger. And given the economic growth showing up through the region, there is a case to be made for the Government to work at ensuring elements of mistrust do not foster further difficulties.

NEW ZEALAND

EDITORIAL ATTACKS FRENCH NUCLEAR ACTIVITIES

Christchurch THE PRESS in English 29 Jul 85 p 12

[Editorial: "Bomb Tests in the Pacific"]

[Text]

Mr Jean-Michel Baylet, the French Secretary of State for External Relations, said in Suva last week that France would continue its nuclear tests in the Pacific indefinitely. It was not the first time this has been asserted by France. One of the most recent statements was also made by Mr Baylet at a press conference in New York, where he said: "We hope that the experiments conducted by the nuclear part of the force of dissuasion can gradually be slowed down and then halted entirely. However, we shall carry on with them for as long as necessary." These statements should put an end to any belief that France has an early abandonment of the testing programme in mind. It will not — and should not — put an end to the belief that France should abandon the tests.

The French justification for the tests was outlined in Christchurch during the week by the political counsellor at the French Embassy, Mr Charles Montin, to a meeting of the Christchurch branch of the New Zealand Institute of International Affairs. Mr Montin acknowledged that the nuclear testing cast a shadow over relations between New Zealand and France. He quoted from an official French reply to a New Zealand complaint about the tests made at the United Nations. In the reply, the French Government noted that the opposition to the tests was not primarily motivated by a concern for the environment and that the scientific mission that went to Mururoa last year was headed by a New Zealand scientist. The French Government used the scientific report to make the point that the mission did not adopt a position opposed to the conduct of the tests.

The New Zealand objection was to the "use of a relatively peaceful or quiet part of the world to develop and perfect the instruments of nuclear war." Mr Montin argued that the tests did not affect the security of States in the Pacific and that New Zealand was, in effect, opposing the fundamental rights and interests of France in security matters with a political claim and a political thesis which was based on

neither concrete evidence nor on arguments of fact or law. Elsewhere in his talk, Mr Montin argued that France's deployment of nuclear weapons was for defensive reasons and that the existence of a nuclear deterrent had ensured peace for more than 40 years.

From the beginning there was a risk that the findings of the recent scientific mission to investigate the testing programme at Mururoa would be able to be used against the New Zealand Government's position on the subject. That has now happened. One dilemma that the New Zealand Government now faces is that it cannot disregard the findings of the scientific mission and make any claims about serious adverse effects on the environment.

The other dilemma New Zealand faced from the start: it was necessary to take up the opportunity of being part of the mission. New Zealand Governments, in a host of ways, consider that they have some responsibility for the peoples of the islands in the South Pacific, as well as for the people of New Zealand itself. This was the opportunity to investigate whether any environmental damage was being done and whether there was substance in reports of health being affected. To have passed up the opportunity would have been irresponsible. The findings of the mission, that there was no environmental danger, are something with which New Zealand will have to live. It would have given greater force to arguments against the testing if environmental damage were proven; from the point of view of the people of the South Pacific, it is good that damage to people or to natural resources is not being done.

The fact that the tests are underground — Mr Montin had some splendidly euphemistic phrases about "experiments in controlled conditions" — is not something France should necessarily boast about. The French conducted a series of atmospheric nuclear tests into the early 1970s and appeared to be driven into taking them underground by legal action taken against France in the International Court of Justice by New Zealand and Australia, and possibly by the publicity generated when New Zealand sent one of its frigates, with a Government Minister aboard, into the testing area.

It is true, as Mr Montin said, that France has restricted itself to a limited number of missiles and that other nuclear Powers have created much larger stockpiles of nuclear weapons. However, on the charge of contributing to the nuclear arsenal of the world and endangering the whole of mankind, France stands convicted. France considers that one of its contributions to civilisation is the emphasis French culture has placed on the value of the individual. At the moment the world's individuals are an endangered species. New Zealand needs to continue to oppose the tests on that ground, if on no other.

NEW ZEALAND

EDITORIAL VIEWS LOSSES INCURRED BY NUCLEAR POLICY

Christchurch THE PRESS in English 18 Jul 85 p 16

[Editorial: "N.Z. Left to Play by Itself"]

[Text] A year after the election of the Labour Government, the advantages of the Government's defence policies are becoming evident. With the A.N.Z.U.S. agreement reduced to a shell, Australia and the United States have been able to develop a much closer relationship. Talks in Canberra this week — what should have been the A.N.Z.U.S. Council talks — showed New Zealand could vanish from the alliance without either of the other members exhibiting more than polite regret. Without the restraint of the weakest and most awkward member of the alliance, Australia and the United States have been able to get on with working out how best the South Pacific can be defended.

Other countries in the South Pacific have also gained. A scatter of smaller States have enjoyed visits by American warships. The American Secretary of State, Mr Shultz, on his way home from Canberra, found time to visit Fiji, where he was warmly received. Under the dual impetus of New Zealand's defection and the growing Soviet interest in the South Pacific, the independent islands find themselves being wooed by the United States with offers of aid and with a more sympathetic attention to their concerns about such issues as fishing agreements.

The Government might argue that the policy of reducing New Zealand's commitment to A.N.Z.U.S. was designed to benefit New Zealand, rather than please this country's neighbours and former allies. So far, however, the benefits have not emerged. Left to play by itself, the Government sometimes seems to enjoy basking in the conviction that to assert that the country is "nuclear free" is to guarantee such freedom indefinitely. In the light of recent events in Auckland, it might find equal comfort in a declaration that this country is "terrorism free."

Even to make such a comparison should be a reminder that any attempt to isolate New Zealand from less pleasant matters elsewhere is an illusion. In spite of the ban here by visits from nuclear-powered or nuclear-armed warships, the southern Pacific region has seen an increasing nuclear presence in the last year. The United States is looking to its own interests; the Soviet Union is expanding its naval activity as it turns Cam Ranh Bay in Vietnam into a major base; France appears ready to intensify its Pacific presence in the face of uncertainty about the future of New Caledonia.

These are events over which New Zealand no longer has any influence. Absent from the Canberra meeting through its own actions, New Zealand can no longer expect to be listened to with the old warmth by the two countries with which it has long enjoyed the closest defence associations. From Canberra came a warning from Mr Shultz that New Zealand could be pushed further into the background if the Government presses ahead with legislation to give force to the ban on nuclear ships.

Instead, the empty New Zealand chair at Canberra should be causing serious rethinking on the part of Mr Lange and his colleagues. To be ignored as an irrelevancy is demeaning enough for this country. To persist in trying to provoke an angry response — from the United States or any other Western country — is plain silly. In trade, as in defence, New Zealand has never been more in need of friends. New Zealand's new policies have brought benefits to others; they have done nothing for New Zealand. An enduring policy for this country can hardly be built on the hope of gratitude because we have picked up our bucket and spade, and gone to sulk in a sandpit. Others seem to be getting on with the game without us, and enjoying it even more.

NEW ZEALAND

FEDERATION RESPONDS TO AUSTRALIAN CER CRITICISM

Auckland THE NEW ZEALAND HERALD in English 19 Jul 85 p 9

[Text]

The broad success of Closer Economic Relations meant the trade agreement was unlikely to be seriously damaged by short-term adjustment problems, the Manufacturers' Federation said yesterday.

The senior vice-president of the federation, Mr Keith Tyrrell, said trade between Australia and New Zealand had increased substantially and product rationalisation had benefited the consumers and economies of both countries.

The Australian Senate committee leader, Senator Brian Archer, said earlier this week that inadequate machinery to deal with complaints could destroy the agreement.

Mr Archer was critical of the way the trade treaty had been drawn up and said it lacked apparent strategy for the future development of industries and regions in both countries.

The committee studying CER recommended that the Australian Department of Trade set up a more useful series of monitoring statistics and urged an immediate Industries Assistance Commission inquiry into the agreement's impact on Australian industry policies.

However, Mr Tyrrell said he doubted if these were the views of the Australian Government.

He said agricultural and horticultural products, on which the senate committee seemed to concentrate, could create tensions because of the voluntary nature of constraints agreed to.

NEW ZEALAND

BANKER: DEREGULATION 'CATAPULTED' ECONOMY INTO WORLD SCENE

Wellington THE EVENING POST in English 25 Jul 85 p 17

[Text]

Deregulation of the New Zealand economy has "catapulted" this country into the world scene and made the effects of international trends hit here much quicker than in the past.

This is according to the recently retired general manager of the Bank of New Zealand, Mr Bill Shaw.

At a Wellington South Rotary luncheon yesterday, Mr Shaw said not many people realised how significant the recent changes were.

"We've been isolated and separate for many many years," he said.

Mr Shaw said financial institutions in this country now needed to keep the international market place in view when looking at future strategies.

Internationally, many banks were tied up servicing loans for third world countries and were now increasingly looking on the countries of the Pacific rim as more suitable places to loan to, Mr Shaw said.

"We are regarded as an extremely good credit risk," he said.

The expansion of CER plus the recent granting in Australia of 16 new banking licences would have an impact on financial institutions here, Mr Shaw said.

"The banking scene in Australia is very very competitive. That competition will flow over to New Zealand."

On the possibility of new licences Mr Shaw said: "All I ask as a banker is that we have a right to compete on equal terms."

The successful bank of 1990 would need to be a "world-wide co-ordinated service system," he said.

"The world is shrinking into one major market."

CSO: 4200/1493

NEW ZEALAND

PAPER VIEWS 'SURPRISE' STRENGTH OF DEVALUED DOLLAR

Auckland THE NEW ZEALAND HERALD in English 18 Jul 85 p 20

[Article by Simon Collins: "'Kiwi' Show of Strength Big Surprise"]

[Text] One year after the biggest devaluation in 35 years, the New Zealand dollar has surprised all pundits by becoming one of the most attractive currencies in the world.

The 20 per cent depreciation on July 18, 1984, was the first act of the newly elected Labour Government, taken even before it took office and over the protests of the outgoing Prime Minister, Sir Robert Muldoon.

It was intended to boost exports and reduce imports, and so to overcome a balance of payments deficit which had swollen to \$1936 million in the year up to June 1984.

A year later, by raising import and export prices, it has helped to boost inflation from 4.7 up to 16.6 per cent.

By cutting living standards at home, it has helped to turn the economy around from rapid growth to a 1 per cent drop in output in the first three months of this year.

Yet it has also failed so far to stem the balance of payments deficit, which reached a record \$2706 million in the year up to March 31.

In view of figures like these, there were many who predicted when the dollar was "floated" in March that it would immediately "fall out of bed," as investors sold out to buy into safer currencies.

Instead, by yesterday its value had risen since March by 2.5 per cent.

The 20 per cent devaluation of a year ago has been trimmed back to one of 18 per cent against the trade-weighted "basket" of currencies in which most of New Zealand's trade is conducted.

Against the United States dollar, the kiwi is 19.3 per cent down on a year ago, against the pound sterling it is 24.5 per cent down, but against the Australian dollar it is now only 6.6 per cent lower than before the devaluation.

Mr Wayne Douglas of the Westpac Bank was one of several foreign exchange dealers yesterday who said the experience of the past year showed that the original 20 per cent devaluation was too big.

"Obviously the market says it looks like a devaluation was in order, but not as big as it was," he said.

The chief dealer at the Bank of New Zealand, Mr Gordon Filmer, said exporters had done so well in Australia in the past year that they had helped to bring the kiwi up.

"Although the devaluation was necessary at the time, it was probably too big to take," he said.

He believes the kiwi is now at "a comfortable level," where it could stay "indefinitely."

Exporters, however, are worried that the unexpected strength of the dollar has cut into their profit margins and made it harder for them to undercut their competitors, especially in the main market for manufacturers, Australia.

Dealers cite several reasons for this strength.

First and foremost, investors can get higher interest rates on their money in New Zealand than in almost any other developed country. Comparable commercial bill rates at present are 23 to 24 per cent in New Zealand, against 7.5 per cent in the United States.

For the same reason, there is a clear incentive for New Zealand companies to borrow the money they need overseas at 7.5 per cent, rather than paying 24 per cent in New Zealand.

They stand to gain a clear benefit if the kiwi dollar continues to hold up against the American dollar.

On the other hand, they risk losing money if the kiwi drops, forcing them to pay back more in New Zealand dollars than they originally borrowed.

They can cover themselves against that risk by buying the foreign currency "forward" for the time they will need it to repay the loan. To buy American dollars yesterday for payment in 90 days would have cost them about 4.2 per cent more than at the current "spot" exchange rate.

Over a full year, that means they need to be able to borrow at 16.9 per cent less than they would have to pay at home, to make the exercise worthwhile.

The figures show that business is finding it overwhelmingly worthwhile at the moment, perhaps because it is gambling without forward cover on the hope that the kiwi will not fall by as much as the forward market suggests.

In the six months up to May, the Overseas Investment Commission approved \$4355 million worth of overseas borrowing by New Zealand companies, although not all of that may have been taken up.

In the past two months, overseas investors have also taken advantage for the first time of the expectation that the kiwi will remain stronger than the traditional currency for international lending, the American dollar.

Up to the end of June, they organised "Eurokiwi" loans totalling \$505 million.

In the fortnight since then, Eurokiwi loans totalling a further \$455 million have been announced by the Mortgage Bank of Denmark (\$50 million), Nichimen Corporation of Japan (\$40 million), D. G. Bank (\$75 million), Private Banken AS (\$50 million), the Development Finance Corporation (\$40 million), the Bank of Nova Scotia (\$50 million), Westpac Bank (\$50 million), Christiana Bank of the Netherlands (\$50 million) and Finance Corporation of New Zealand (\$50 million).

A second factor holding the dollar up has been a longer than usual "export season," with much of the year's meat being killed, processed and sold later than normal.

This factor, however, may have been counter-balanced by speculation that the kiwi would depreciate. This has caused many exporters to hold funds back overseas, while importers in contrast have typically paid up promptly before the expected drop occurred.

But a third and more important factor behind the strong dollar is the positive view in financial markets of the Labour Government's economic policies.

"They see what Roger Douglas is doing as the right thing. The economic outlook for New Zealand is seen as better than it has been in the past," said one dealer.

A year after the devaluation, its effects in higher prices are now believed to have worked their way through the system.

Inflation and the overseas deficit are both believed to have peaked in the latest statistics, and economic output is not expected to continue to fall at the 1 per cent rate of the first quarter of this year.

Mr Rob Cameron, a former Treasury official now with the Wellington sharebroker Jarden and Co, said the March balance of payments deficit was actually over-stated by about \$500 million because of exporters holding part of their earnings overseas under the new deregulated system.

Jarden's last forecast showed the deficit dropping drastically to only \$1150 million by the end of this year.

But, Mr Cameron said, a big deficit was nothing to be ashamed of anyway, if it was the counterpart of an inflow of capital from overseas companies which saw New Zealand as a good place to invest.

(Under a floating dollar, with no net Government overseas borrowing, an inflow of private capital must be matched by an outflow of money for current spending, with the capital influx funding higher imports than would otherwise be possible.)

He said cost inflation was not actually as high as 16.6 per cent for many exporters. Wages had gone up so far only by about 8 per cent.

Jarden's index of the "real exchange rate," starting at 100 in 1976, shows that the New Zealand exporter became about 15 per cent more competitive in 1984-85, with the index falling from 95 the previous year to 80.

In addition, productivity increased faster in New Zealand than overseas. With no increase in population, New Zealand raised its output by 7.5 per cent last year.

"People have been willing to invest in New Zealand because they think the longer term prospects look good as a result of the moves that have been taken," Mr Cameron said.

He said it was not true to say that the Government was holding the exchange rate up artificially by allowing high interest rates.

"In the international world we are now living in, interest rates are internationally determined," he said.

They reflected international expectations about the direction of the kiwi dollar. With the forward market showing the kiwi dropping by 3 or 4 per cent in three months, interest rates had to be up to 24 per cent.

This, in turn, reflected New Zealand's high inflation rate.

As inflation came down, expectations about a decline in the dollar would be reduced, and interest rates could fall.

Jardens itself believes that the forward market has over-estimated the likely fall in the dollar. The firm sees the kiwi dropping perhaps only 1 per cent in three months, and perhaps 3 per cent in six months, with interest rates coming down within six to nine months.

CSO: 4200/1491

NEW ZEALAND

LANGE ON DECISION TO HALT 1984 DEVALUATION PROBE

Auckland THE NEW ZEALAND HERALD in English 22 Jul 85 p 5

[Text]

The Government has revealed that worries about overseas lenders' perception of New Zealand were a factor in its decision to stop a parliamentary investigation into last year's devaluation of the dollar.

The investigation, by a subcommittee of the public expenditure committee chaired by Mr Jim Anderton, was stopped last September.

The chairman of the public expenditure committee, Mr Peter Neilson, said at the time that it had been "torpedoed" by the former Prime Minister, Sir Robert Muldoon, who had been "announcing findings before he had heard the evidence."

But the Prime Minister, Mr Lange, says in an interview with the *Listener* this week that he stopped the "opening of the books" last year because "the banks and overseas lenders were reading the wrong signals into it."

More 'Books'

An Associate Minister of Finance, Mr Caygill, said last night that Mr Lange had been referring to the decision to stop the Anderton devaluation inquiry.

The inquiry began only a few weeks after the release on August 30 of the briefing papers given to the incoming Government by the Treasury and the Reserve Bank.

Asked whether he had planned to release more "books," Mr Lange is quoted as saying: "It was part of our strategy."

But, he says: "The people who marshal funds for us, the people who were in fact at that stage engaging in a \$1 billion replacement facility that we negotiated for other lending, started to get pretty destabilised."

No Others

"We were actually showing them we had inherited a Government which ran within days of default on international obligations."

Mr Caygill said he was not aware of any other "books" whose publication had been planned and was called off. But the devaluation inquiry was stopped.

New Zealand was then negotiating a \$US1.5 billion (\$NZ3 billion) refinancing loan in London, though the Government denied at the time that financial institutions were reluctant to lend it the money.

It is now understood that, in fact, the events surrounding the devaluation, and the exhumation of those events in the Anderton committee,

were creating an image of New Zealand overseas as some kind of "banana republic."

'Antics'

What one source called the "antics" of the politicians in Wellington were being reported in London, at a time when there was great interest overseas in New Zealand because of the change of government, the nuclear ships issue and other matters.

However, the sources said the same foreign lenders who consequently "looked askance" at New Zealand at that time had since learned more about the new Government, and had been reassured.

Mr Anderton said last night he did not know whether concern about overseas borrowing was a factor in stopping his inquiry.

Mr Neilson declined to comment.

NEW ZEALAND

PRIVATE SECTOR FOREIGN DEBT TRIPLES

Auckland THE NEW ZEALAND HERALD in English 22 Jul 85 p 11

[Text]

Overseas borrowing by New Zealand companies has trebled in the first five months of this year, compared with a year earlier.

Reserve Bank figures supplied to the *New Zealand Herald* show that companies borrowed \$1099 million up to the end of May, compared with \$345 million in the same period of 1984.

Japanese

This is just over 20 per cent of the amount the country earned in the same period from exports and other overseas income.

In addition, Government corporations borrowed a further \$211 million in the same period, local companies brought back \$252 million after selling overseas assets, and foreign investment totalled \$386 million.

Foreign investment is believed to include a large amount of Government stock bought by Japanese and Australian interests.

The total of private capital inflow from all these sources totalled \$1949 million in the five months, or almost four times the inflow of \$517 million in the same period last year.

It follows a similar increase in the inflow in the last four months of last year, from \$369 million in the same period of 1983 to \$2165 million in 1984,

though at that time most of the inflow was investment in Government stock.

Replaced

However, borrowers at a conference on overseas financing in Auckland denied that the rise in private overseas debt involved any dangerous "mortgaging of the country's future."

Mr Roger Kerr, a former chief foreign exchange dealer with NZI Securities, now with the wool merchant Robert Ferrier Ltd, said the private borrowing had simply replaced high Government borrowing.

In the first five months of 1984, the Government borrowed \$410 million more than it repaid.

In the same period this year, it repaid \$381 million more than it borrowed.

Interest

Since the dollar was floated in March, the Government has stated its intention of borrowing in future only to repay existing loans, with no more net borrowing overseas.

But the country is still spending more overseas than it earns — to the tune of a \$2706 million deficit in the year to March 31.

That gap has to be covered somehow. It used to be covered by Government borrowing, with the taxpayer paying the loss when the New Zealand dollar devalued. Now it is being covered by the private sector.

Mr Kerr said that if companies could not borrow overseas, and had to borrow on the tight domestic money market instead, interest rates in New Zealand would go even higher.

An organiser of the conference, Mr Grant Edmonds, of the Business Economics group in Sydney, said New Zealand needed foreign capital to develop the country.

The Companies

The New Zealand organiser, Mr Tony Haas, of the Asia-Pacific Research Unit, said New Zealand's future depended on internationalising its economy and learning about the rest of the world.

The chief manager of the international section of the Reserve Bank, Mr Murray Sherwin, said it was not New Zealand as a whole which would have to pay the bills on the borrowing now being done, as it was in the past. Now it was the companies themselves.

"One presumes they are looking for a profit out of their investments so they will be able to pay the bills," he said.

"We need capital. We are a capital-importing country, we always have been.

Dollar

"Overseas borrowing now has no impact on the money supply locally, so it is a question of people making their own choices about what suits their particular industry best."

It was true that the borrowing was holding up the value of the New Zealand dollar. Without it, the dollar would have to fall so that exports and other current receipts alone could increase to cover the cost of imports and other payments.

But Mr Sherwin said the fact that people were prepared to borrow overseas showed that they did not expect the value of the dollar to fall.

In effect, this means they are confident that even at last week's high exchange rate, with \$NZ1 at 50c US, exporters will continue to be able to make a profit, at least in the longer term.

NEW ZEALAND

RESERVE BANK HEAD SIGNALS COMING OF COMPETITION

Auckland THE NEW ZEALAND HERALD in English 26 Jul 85 p 1

[Text] **The governor of the Reserve Bank, Mr Spencer Russell, has attacked the hitherto "exclusive rights" of banks to issue cheques and use the title "bank."**

In the clearest hint yet that the present review of banking policy will lead to competition for the four existing trading banks, Mr Russell said it was the Government's wish to remove barriers to competition.

"There appears to be no compelling argument for the continuation of official restrictions on access to the use of cheques and participation in the [cheque] clearing system," he told the Bankers' Institute in Auckland last night.

Databank

All that was required was for other financial companies to have access to the banks' Databank network and to be able to settle balances among themselves through accounts at the Reserve Bank.

"We do not see that as a difficulty," Mr Russell said.

Answering a question, Mr Russell said the criteria for approving new banks would probably include:

- A required minimum capital backing.
- A satisfactory ratio of share capital to borrowings.
- Proven expertise in banking.
- Satisfactory management.
- "Some regard" to the shareholding.

Mr Russell said the move would require an amendment to the Reserve Bank Act, which now lists the four existing trading banks in a schedule.

The amendment might allow the Reserve Bank to nominate institutions which would be authorised to call themselves banks.

But, he said, there would not need to be any requirement that an authorised "bank" had to issue cheques.

He emphasised that the matter was not a high priority, and he did not expect to see any new banks operating this year.

No decision had been made on any limit on the number of new banks.

"Use of the word 'bank' by a limited number of institutions is also under review by the Government," he added.

"As with the special position of banks at present, it seems that this restriction is inconsistent with the Government's aims to remove barriers to competition.

"In effect, the exclusive rights held by banks are a barrier to entry to a segment of the financial market. It can be argued that these should be removed to increase competition."

Mr Russell told the bankers they would face an even greater challenge in the development of "electronic banking" based on computer terminals on shop counters and, eventually, in people's homes.

He urged the various institutions to co-operate to establish a single integrated electronic banking system.

Factors

Mr Russell also defended the Government against recent charges that control of the money supply was too lax, with private sector credit rising by 22.6 per cent in the year to April, when inflation was only 13.4 per cent in the year to March.

He said there were three special factors which made the growth of money supply look big:

- The large amount of money pumped into the economy by the Reserve Bank shortly after the dollar was floated in March, to reduce short-term interest rates which had hit over 1000 per cent.

- A bigger-than-expected budget deficit so far this financial year. This was primarily due to a timing factor and would tighten up in the rest of the year.

● Increased movement of deposits between institutions as a result of deregulation, which was resulting in a greater proportion of the money in the economy being picked up in the money supply figures.

The massive changes in the financial sector have, in any case, created great confusion in the statistics.

While private sector credit grew by 22.6 per cent in the year to April, "M1" (cash and cheque accounts) grew by only 1.9 per cent and "M3" (deposits at a wide range of financial institutions) grew by 16.2 per cent.

CSO: 4200/1493

NEW ZEALAND

SINAI HELICOPTER UNIT EXPECTED TO DEPART WITH AUSTRALIANS

Christchurch THE PRESS in English 23 Jul 85 p 14

[Editorial: "Withdrawal From Sinai"]

[Text] It seems increasingly likely that the New Zealand helicopter unit serving with the Multinational Force and Observers in the Sinai will leave when the Australian unit leaves. If New Zealand tried to replace the Australian force with New Zealanders it would deplete New Zealand's helicopter strength at home unacceptably. The hope, when the Australians left, was for the New Zealand unit to serve with the Canadians but this has proved difficult, because the two services use different types of helicopters. The Prime Minister, Mr Lange, said in Parliament that New Zealand's commitment did not have to take the form of a helicopter unit. Talks are being held about future commitments to the M.F.O.

The New Zealand commitment was made in the first place for political reasons and the continued commitment is for political reasons. The commitment was because the United States wanted a force there and put pressure on New Zealand and Australia to contribute. Both New Zealand and Australia were very concerned lest their commitment was viewed with disfavour by the Arab countries of the region or by Iran. New Zealand and Australia regard the Middle East as an important trade area. The New Zealand Government took extensive soundings about the possibility of giving offence but found none. Although a number of Arab countries objected strongly to the peace treaty between Egypt and Israel, out of which the M.F.O. arose, they obviously regarded the handful of people provided by New Zealand and Australia as not being enough to get upset about. So the helicopter unit went to the Sinai, and the then National Government considered that it was giving the United States something that the United States wanted.

In opposition, the Labour Party criticised

the dispatching of troops to the Sinai and there were party rumblings that they would be withdrawn when Labour took office. As it turned out, they have been kept in the Sinai to try to make the point to the United States that although New Zealand will not admit nuclear-powered ships or ships that may be nuclear-armed to New Zealand ports, this country is not abandoning its commitment to Western interests. The same argument is being used about the stationing of New Zealand troops in Singapore. The Government is at pains not to be seen as making a unilateral withdrawal from the Sinai force. In fact, there should be no suggestion of that at all. The New Zealand and Australian forces went together and the New Zealand force could not function without the Australian force. An attempt was made to see if the New Zealand force could co-operate with the Canadians but it seems too messy to do so. Under these circumstances the New Zealand force could be withdrawn for practical reasons.

The New Zealand force in Sinai and the battalion in Singapore aid in the recruitment of defence forces in New Zealand. An argument could be made that the removal of the force from the Sinai will mean that one attraction to joining the Armed Services has been lost. However, the sending of the helicopter unit to the Sinai was not part of an Armed Forces recruiting drive and there is no reason why it should become one. The force almost certainly would not have been committed if the United States had not wanted it; but having gone it did a useful job in observing the border between Israel and Egypt. The border will probably have to be patrolled for a few years yet; New Zealand was one of the first nations there and the unit remained there doing a needed task under both National and Labour Governments.

NEW ZEALAND

OPPOSITION BLAMES ECONOMIC POLICY FOR SHARP EMIGRATION

Auckland THE NEW ZEALAND HERALD in English 19 Jul 85 p 5

[Text]

Opposition members have blamed the Government's economic policies for the sharp increase in the number of people leaving the country.

Statistics Department figures released yesterday showed a net migration loss of 13,196 people for the year to the end of June. This compared to net gains of 6607 and 3513 respectively for the 1983 and 1984 years.

The Opposition spokesman on immigration, Mr. Bruce Townshend, said the figures indicated large numbers of people were "deserting the country because of the economic climate."

Last month the Minister of Employment had said he intended to question long-term departees on the reasons for their leaving.

"He should first question his finance minister colleagues to ascertain if they accept responsibility for the growing exodus," Mr Townshend said.

The Democratic Party spokesman on employment, Mr Stuart Perry, said the Government should "come clean" on unemployment figures.

He said recent reductions in the number of unemployed people were partly attributable to the thousands of New Zealanders leaving the country.

"It is one of the biggest brain drains experienced since Muldoon's Government drove thousands away in the late 1970s," Mr Perry said.

NEW ZEALAND

EXPORTS TO PHILIPPINES WEATHER CRISIS

Wellington THE EVENING POST in English 20 Jul 85 p 17

[Article by NZPA staff correspondent David Porter]

[Text]

The economic crisis which has hamstrung the Philippines since October 1983 dealt a severe blow to New Zealand exports, but officials here are predicting some upturn this year.

And the decision of key dairy and forest product exporters to maintain supplies to the market despite payment problems, meant New Zealand had wound up performing better than competitors like Australia, trade commissioner Mr John Waugh said here.

Calendar year exports to the Philippines were down by almost 50 percent from \$NZ96.4 million in 1983 to \$NZ50 million in 1984.

But Mr Waugh said he expected the export figures for the June 1985 year would show a better performance than those for calendar year 1984.

Imports, although small, have steadily increased from less than \$NZ5 million in 1980, to \$NZ11.9 million in 1983 and \$NZ18.8 million last year.

Referring to June year 1984 figures, which showed exports down about 17.5

percent against an overall decrease in Philippines imports of 25 percent. Mr Waugh said New Zealand had been doing well considering the economic climate.

Local calendar year figures for 1984 were unavailable for comparative purposes.

But the official said New Zealand was performing comparatively better than Australia, which had the benefit of a \$A50 million government-supported credit line to fall back on.

The Philippines plunged into a downward economic spiral from October 1983, following the assassination of Opposition leader Benigno Aquino two months earlier.

A trial of military men alleged to have conspired to commit and cover up the killing which the government has blamed on a lone gunman, has yet to reach a conclusion.

But few observers in Manila expect the government-appointed Court to lay the blame at the heads of senior military men charged.

Those on trial included currently suspended chief

of the Armed Forces, General Fabian Ver, a cousin of President Ferdinand Marcos.

Credibility

The Government's perceived lack of credibility over the Aquino killing, and a history of what foreign bankers and independent economists said was misdirected investment in industries often favouring so-called "cronies" of the President, contributed to the economic crash here.

Inflation, which ran as high as 65 percent in 1984, was now nearer 40 percent. And Finance Minister, Mr Cesare Virata has been credited by diplomatic observers here with instituting financial reforms which late last year persuaded the international monetary fund (IMF) to grant a stand-by credit line of \$US615 million.

Stringent conditions imposed by the IMF included internal economic adjustment such as devaluation of the peso and the mopping up of excess liquidity.

Mr Virata in May 1985 managed to persuade foreign creditor banks holding the country's \$US25 billion of foreign debt to reach an agreement which would open the way for new drawings from the IMF.

The agreement secured \$US1 billion in new credits, \$US3 billion for trade finance and restructured nearly \$US6 billion of overseas debt. About \$US2 billion of the \$US25 billion outstanding had already been re-structured in government-to-government deals.

"Any recovery here comes down to money and confidence," said Mr Waugh.

The money was now beginning to trickle into the economy, he said.

"I think our exports in particular will do well because they're the ones where inventories have been run down."

There had been a number of good performances by New Zealand exporters in the year ending June 1984, said Mr Waugh.

This was evidenced by the fact that while the overall fall in exports was \$NZ16 million, compared with June year 1983 falls in skim milk powder, malt and meat alone totalled \$NZ21 million dollars.

NEW ZEALAND

EDITORIAL VIEWS CANCELLATION OF RUGBY TOUR

Auckland THE NEW ZEALAND HERALD in English 19 Jul 85 p 6

[Editorial: "Tour Case Fizzles Out"]

[Text] Not all the demonstrations, pressures, arguments, appeals for the good name of the country or even a resolution of Parliament proved sufficient to halt the proposed All Black tour of South Africa. The Rugby Union has finally been forced to cancel it by a combination of legal action and the inflexibility of the calendar.

In no sense has the Rugby Union undergone the equivalent of a spiritual conversion. It has never acknowledged that rugby between New Zealand and South Africa stands unmatched in the rugby world as a symbol of cozy friendship with apartheid. It has never seemed to care about the damage a tour would do to New Zealand's name in many countries. It appeared little worried by the potential effects of a tour on the numerous sports that take part in the Commonwealth Games.

What finally compelled the Rugby Union to acknowledge (though scarcely to accept) that it is not "an island, entire of itself," but merely one special interest in a community of special interests, was a court action claiming that the union, in deciding on a tour of South Africa, had breached its own rules requiring it to have regard to the good of rugby. The union was stopped by interim injunc-

tion from sending a team until the issue was settled.

That main action, with the Rugby Union's reluctant acceptance, is now effectively ended without being resolved. There is no legal determination of whether the tour decision was invalid. It is an untidy and, indeed, unhappy outcome. But, with the tour no longer an issue, any pursuit of the matter might be worse from a variety of standpoints than letting it rest.

An outstanding impression of the past few days has been the correctness and dignity displayed by the Rugby Union chairman, Mr Blazey, in the face of what must have been, for him, frustration and heartbreak. He has given an example of calmness and courtesy under pressure which, it can only be hoped, may serve as models for some of his more passionate constituents.

Demagogic attacks on the High Court continue, some of them from the safety of privilege. The willingness of some partisans to traduce the Judiciary is, perhaps, the sorriest side-issue of the hearings. Attacks on the judge, however unwarranted, might have been expected, but few people might have supposed that anyone would stoop to taking aim at the judge's wife. Those uttering such stuff disgrace themselves and merit public disgust.

NEW ZEALAND

EDITORIAL SUPPORTS WHALING MORATORIUM

Christchurch THE PRESS in English 27 Jul 85 p 18

[Editorial: "Moratorium on Whaling"]

[Text]

This year could appropriately be described as the year of the whale. It marks the beginning of a moratorium on commercial whaling. The moratorium has been adopted by the International Whaling Commission, which was set up under the 1946 International Convention for the Regulation of Whaling. The I.W.C., advised by its scientific committee, has set catch limits for whales each year. In 1982 the I.W.C. decided that catch limits for the killing, for commercial purposes, of whales from all stocks for the 1985-1986 pelagic and the 1986 coastal season should thereafter be set at zero. The provision is being kept under review and a comprehensive assessment of the effects of the decision on whale stocks will be taken not later than 1990.

The I.W.C. decision is not binding on all the members of the commission. Japan, the Soviet Union, Norway and Peru lodged objections. However, the effect of the decision is that more international attention than ever will be directed at countries which do not comply with the moratorium. Peru later withdrew its objection and is expected to comply with the moratorium. The objections of Japan, Norway, and the Soviet Union still stand. However, one of the main species hunted by Norway, the North-East Atlantic Minke, has been declared a protected stock, which means that catching is totally prohibited. The Soviet Union, for its part, says that it will cease whaling temporarily, "for technical reasons," from the 1987-1988 season in the Antarctic.

Japan and the United States came to an agreement that Japan could continue whaling for up to two years without the United States invoking sanctions. Japan objected to the threat of sanctions and the United States withdrew the threat. Japan thereupon said that it would withdraw its objection to the moratorium. The United States had pressure on both the Soviet Union and Japan to cease whaling. It stopped itself many years ago. The Soviet Union found a formula to stop for a time, while reserving its right to start again. The arrangement between Japan and the United States has been

complicated by a court challenge from environmental groups. The United States Government is taking the view that it cannot have its foreign policy decided in a district court of law and has asked the Supreme Court to overthrow the decision of a district court to uphold the case of Greenpeace and other environmental groups.

New Zealand has been a strong supporter of the conservation side and of the moratorium on whale-catching. Once a whaling nation itself, New Zealand has ceased whaling. It is a member of the I.W.C., having rejoined after some years in 1975. Mr John Scott was New Zealand's first Whaling Commissioner, Mr Bryan Lynch succeeded him, and Mr I. L. G. Stewart has been the most recent. At the meeting of the I.W.C. which was held this month in Bournemouth, England, Mr Stewart was elected chairman of the I.W.C. for the next three years. The New Zealand delegation will be led by someone else.

Problems lie ahead for the I.W.C. and Mr Stewart's tenure will not be easy. There is considerable resentment, particularly by Japan, that the majority of the 39 members of the I.W.C. are not whaling nations. Some, indeed, have never been whaling nations and have joined the I.W.C. with the express purpose of stopping whaling. If the conservation measures are pushed too hard there is the possibility that some of the whaling nations will withdraw from the I.W.C. That seemed a strong possibility after the meeting last year. The Bournemouth meeting seemed to have a different atmosphere and it appears that the countries still whaling will retain their membership.

A second problem exists over what is known as aboriginal whaling. Some communities — in Greenland, Alaska, and in the north of the Soviet Union — look to whales to provide food. The moratorium does not affect them. After the end of commercial whaling an attempt may be made to allow coastal whaling under similar terms to aboriginal whaling. The I.W.C. will try to define aboriginal whaling more closely. There is also a risk that pirate whaling — whaling by non-I.W.C. members — will increase. Much will depend on the willingness of countries that might import whale products, particularly Japan, as to whether pirate whalers find a market.

The fact that Mr Stewart was elected unanimously is an indication that he — and New Zealand — are expected to play a fair role. Mr M. W. Cawthorn, from the Fisheries Research Division of the Ministry of Agriculture and Fisheries, has long served on the scientific committee of the I.W.C. and may be expected to continue in that role. Another New Zealander, Mr Mike Donoghue, of Greenpeace, has attended a number of meetings of the I.W.C. This year may be the beginning of the moratorium. How the moratorium is observed in the 1987-1988 season will show much about whether whaling will continue.

NEW ZEALAND

JAPANESE IMPORTER REJECTS LNG

Auckland THE NEW ZEALAND HERALD in English 20 Jul 85 p 8

[Text]

Japan's largest importer of liquified natural gas has withdrawn its interest in the last unallocated block of Maui gas, citing market uncertainty as the reason.

The New Zealand arm of Nissho-Iwai, which has since 1979 been interested in turning Maui gas into supercold LNG and shipping it to Japan, has confirmed that it is no longer in the running.

"LNG was really quite exciting because it was a seller's market, but that has changed," said the Wellington general manager of the company, Mr Kerry Stenhouse.

Now, with Japan assured of an abundance of supplies for many years to come, his company was fully committed with its major Indonesian LNG operation and another large project due to start soon in Canada.

Information

The West Australian Government is also in a quandary with gas already coming ashore from its North-west Shelf platform but no contract yet for the six million tonnes of LNG it hopes to sell annually to Japan under a memorandum of agreement signed four years ago.

However, Fletcher Challenge Ltd remains confident of selling up to 1.25 million tonnes of LNG a year to Japan under a tentative \$1.8 billion proposal — including a \$1.1 billion liquefaction plant somewhere on the west coast of the North Island and two specialised sea tankers.

Mr Stenhouse said that unless Fletcher Challenge had market information not held by his company, which he strongly doubted, "one would tend to think it would

be difficult to find a market for the LNG unless they are looking at Korea or Taiwan."

But an assistant general manager of Fletcher Challenge, Mr Ian Small, said the firm had a buyer which seemed "just as keen as ever" for Maui gas. The quantity on offer was particularly suitable for the buyer's special reticulation needs, he said.

His firm's confidence had not been affected at all by Nissho-Iwai's withdrawal.

Fletcher Challenge is among three bidders for the gas. Another is the electricity division of the Ministry of Energy, which hopes to burn it in the New Plymouth, Marsden B and possibly Huntly power stations, thus reducing the heavy demand for Waikato coal.

Motunui

Although much less gas would be needed for power generation than for LNG exports, the two uses are not compatible as the LNG requirement of up to 79 petajoules a year would take up the remainder of the Maui field.

This amount compares with the 53 petajoules which will be used to make synthetic petrol at Motunui.

The oil and gas division of the ministry, which expects to have decided the best commercial use for the gas by the end of this month, says it cannot identify the third applicant at this stage. However, a spokesman, Mr Tom Young, said no other LNG pro-

posals were being considered.

Petrocorp, while stopping short of putting in a bid, remains interested in stripping liquids from the gas stream for a new industry subject to world markets strengthening. It is still interested even though its oil company partners in the Maui field dropped out of a joint investigating venture last year because of a world glut of petrochemical products.

Commitment

Petrocorp has therefore asked the ministry not to make any decision which would preclude the gas-stripping option.

And an independent energy researcher, Mrs Molly Melhuish, of Wellington, thinks it would be unwise for any commitment to be made until more is known about the size of the gas field.

Mrs Melhuish said there was a good chance that the field was 35 per cent smaller than expected and that she had considered putting in a bid on behalf of future generations.

She said plans should in any case be delayed until reserves were firmed up by test drilling that the Maui partners are proposing before building a second platform.

NEW ZEALAND

DEALER ON IMPACT OF GOVERNMENT LPG CONVERSION POLICY

Auckland THE NEW ZEALAND HERALD in English 18 Jul 85 p 1

[Text]

Energy Reporter

"Somebody should go to jail for it," Mr Kees Durent said yesterday as yet another truckload of unwanted liquefied petroleum gas tanks arrived at his already packed Onehunga warehouse.

Mr Durent, a major national wholesaler of LPG tanks, has about 800 on his hands, with a retail value of more than \$600,000, and a nearly empty vehicle conversion workshop.

He and nine of his staff who have been on an enforced holiday for the past fortnight are victims of what he describes as a Government-induced slump in the industry.

Three of his vehicle installers moved to Christchurch to another of his firm's operations rather than risk the sack for lack of business in Auckland.

Change

Although he has an unpacked container-load of imported tanks in the yard, most are made by Dye Industries Consolidated Ltd, of Wiri.

And half a dozen conversion workshops to which he supplies LPG tanks in various parts of New Zealand have closed with at least 20 more "hanging in there by the skin of their teeth," he said.

Mr Durent said he believed the change in the scheme last month to higher interest rates and a

25 per cent deposit on the cost of converting a vehicle had caused an 80 per cent slump in the market.

His own workshop, from a weekly average of about 25 vehicle conversions before last month, was now handling only one or two a week.

The executive director of the Motor Trade Association, Mr Max Barclay, said the association was extremely concerned that the scheme might be cut back further, if not cut altogether, at the cabinet meeting next week.

Report

It had sent telegrams to all three Ministers of Finance, the Prime Minister, Mr Lange, and the Minister of Consumer Affairs, Mrs Shields, "urging common sense," he said.

"The only one we have not telegraphed is the Minister of Energy, Mr Tizard, because he has been very supportive [of the scheme] and it appears to be his colleagues who are against it."

Mr Tizard, back in his office for the first day since a three-week overseas tour, said he had not yet had time to catch up with developments in New Zealand but that he had called for a report from his officials to take to the cabinet committee meeting next week.

NEW ZEALAND

BUSINESSMAN SEES EARLIER SELF RELIANCE FOR GAS INDUSTRY

Christchurch THE PRESS in English 18 Jul 85 p 25

[Text]

The C.N.G. industry may be forced to become self-reliant sooner than expected after the Government's decision to reduce the level of financial support, the chairman of Welgas Holdings, Mr Trevor Beyer, told the annual meeting yesterday.

However, he also predicted the momentum in the market place may be lost while planning by the industry adjusts to the new regime.

He said planning had been based on the Government's declared intention to continue financial support until December 1987.

"The move last month to reduce the level of this support is a matter for concern," Mr Beyer said.

The alternative fuels programme for transport was an example of "big thinking" by successive Governments which was already realising financial benefits for the economy and motorists.

In five years the net national benefit of the C.N.G. programme will be \$47 million if the industry achieves 200,000 converted vehicles in this period.

"The infrastructure and investment is in place to accomplish this," he said.

Diversification by the company into areas of business in energy-related markets not subject to price control had meant revenue from markets other than the direct sale of gas had increased from 25 per cent to 66 per cent of total revenue in the last two years.

Interest from countries beginning their own C.N.G. programmes in the industry was high, he said, and the company maintained contact with many of these countries.

"I am confident that opportunities will arise for our technical and marketing staff to participate in C.N.G. and related natural gas projects that are both financially rewarding to the company and interesting for the staff concerned," he said.

In response to a question, Mr Beyer said the company was aiming for a gas transmission loss rate of 10 per cent for the Wellington Gas Company's distribution system.

In the last financial year the loss rate was 13 per cent, against an industry average of 7 per cent.

The meeting approved the issue of 270,000 shares to Neil Holdings as part consideration of the purchase of Moffat Appliances, Ltd, from that company.

The purchase represented a further broadening of the company's base in energy-related products, Mr Beyer said.

He also said the earnings per share contribution of Moffat would be greater than the company's existing rate.

As a result of the purchase, Brierley Investments, which wholly owns Neil Holdings, will have 54 per cent of Welgas.

Because Welgas will be a Brierley subsidiary the auditors have been changed and Peat Marwick Mitchell and Company were appointed auditors in place of Ernst and Whinney.

NEW ZEALAND

ENERGY MINISTER LAUDS GAS DEAL WITH MALAYSIA

Auckland THE NEW ZEALAND HERALD in English 18 Jul 85 p 1

[Text]

New Zealand stands to gain millions of dollars in foreign earnings after being chosen by Malaysia to provide the hardware for a compressed natural gas programme.

The Minister of Energy, Mr Tizard, said last night that the potential for New Zealand was great.

Petronas, the state-owned Malaysian oil company, had decided that in adopting a CNG programme, it would limit the call for tenders to provide equipment to New Zealand firms.

Back in his Beehive office yesterday after a four-week world trip, Mr Tizard was clearly delighted at the decision. He said he understood that the United States, Canada and Italy had been interested in assisting the Malaysians.

The deal will enhance New Zealand's reputation as a world leader in CNG technology. Mexico and Thailand have also expressed strong interest in calling on New Zealand expertise to convert bus fleets to CNG.

Mr Tizard said Malaysia had ample supplies of gas, but was short of oil in most of the country.

It was proposed to build a gas pipeline across the Malaysian peninsula and another running north-south, which would give a link to Singapore.

"So the potential is great," he said.

Mr Tizard said he understood that New Zealand was chosen because of its recent developments with pipeline systems and its advances in the CNG conversion field.

NEW ZEALAND

LIVESTOCK DEAL WITH PHILIPPINES REPORTED

Auckland THE NEW ZEALAND HERALD in English 26 Jul 85 p 17

[Text]

The sale of 2400 Sahiwal-cross heifers and a quantity of farm equipment to the Philippines will be worth about \$3.8 million to New Zealand.

The gross figure was quoted from San Antonio in the Philippines this week by a New Zealand Press Association staff correspondent, David Porter, in a report on a lucrative contract secured by a New Zealand livestock company, Animal Enterprises Ltd.

A representative of the company in Hamilton, Mr Peter Ballinger, confirmed the figure but emphasised that it included equipment and that the net return to the company would be far less when the considerable costs of production, administration and freight were taken into account.

Animal Enterprises is at present offering farmers \$270 for a weaned 10 weeks old Sahiwal-cross heifer. The company farms the animals on to exportable size and ships them as heifers approaching two years old and in-calf where possible.

A first contract with the Philippines was secured last year after visits and prolonged negotiation — all costing money — well before that.

There the animals are being used, as they are in other markets, in dairy development schemes among small-holder farmers in co-operative villages.

A first shipment of 800 heifers to the Philippines went in June last year. It was followed in January by a shipment of similar size and a third is due next March.

David Porter reported this week that about 30 of the initial shipment had died because farmers were not sufficiently prepared to take care of them.

But he quoted Philippines authorities as saying that the second shipment had been much more successful and he pointed to the possibility of

further imports after the initial order for 2400 cattle.

After the arrival of the third shipment the Philippines Dairy Corporation plans to apply for further aid funds for a further 2000 cows over two years.

An official of the Asian Development Bank, which is administering the dairy development project, told Porter, however, that the bank would be evaluating the usefulness of the project before considering further funds.

Meanwhile, Sahiwal-cross cattle, tethered in rattan stalls and milked by hand, are being fed on locally gathered forage and locally produced concentrates.

The farmers are supplying milk and home-made cheese to the Philippine Dairy Corporation. The president of the corporation, Mr Jimmy Escano, believes production levels now being achieved justify increased livestock imports.

While the Philippines is a new Asian market for New Zealand-bred Sahiwal-cross cattle, a visit to New Zealand by Dr Juan Vazquez, Mexican Under-Secretary for Livestock, and a party of animal husbandry officials demonstrates interest from South American quarters.

PAPUA NEW GUINEA

PROGRESS ON OK TEDI COPPER PROCESSING REPORTED

Sydney SYDNEY MORNING HERALD in English 2 Aug 85 p 13

[Article by J. N. Pierce]

[Text]

The Ok Tedi project in western Papua New Guinea has a purchase option on a mothballed copper flotation mill in the western United States which could halve the \$US80 million (\$A110.4 million) capital cost budgeted for the copper treatment plant.

The option runs until the end of this year.

The plant is part of a \$US220 million facility commissioned in October 1979 by Atlantic Richfield's Anaconda subsidiary at its Carr Fork underground copper mine east of Tooele, Utah.

The mine and plant were to have produced 50,000 tonnes of copper a year, but falling world metal prices forced suspension of operations in November 1981 and the plant has remained idle since.

The option price on the plant package is \$US7 million "as is, where is".

The deal was negotiated by Ok Tedi Mining Ltd's recently appointed general manager, Mr Roy Shipes, in preparation for the treatment of Mount Fubilan's copper ore once its gold "cap" has been exhausted.

Its disclosure coincides with the reaching of a new agreement this week between the PNG Government and Ok Tedi's corporate partners on future operations of the huge project in remote mountainous country near the Irian Jaya border.

Until yesterday, the project was

working under an interim licence granted in March after the PNG Government closed the operation for seven weeks because of its misgivings that the partners might mine only the gold ore and leave the copper ore.

The new agreement provides that the project must install copper processing equipment with a capacity of treating 30,000 tonnes of ore a day by 1988.

But an economic test is to be applied in 1987 and if criteria mainly relating to capital costs and international metal prices are met, the processing rate could be increased to between 45,000 and 60,000 tonnes of copper ore a day.

The project is now treating about 17,000 tonnes of gold ore a day and is moving to a target of 22,500 tonnes a day by the end of this year.

The availability of the Carr Fork mill and ancillary plant could enable large-scale treatment of copper ore earlier than expected.

Talks between the PNG Government and the BHP/Amoco/West German partners will continue until the end of next February to reach agreement on a number of outstanding issues.

These include a Government proposal to transfer Ok Tedi Mining Ltd's \$US750 million debt to the books of shareholders.

The agreement also provides for the construction of a permanent tailings dam.

PAPUA NEW GUINEA

BRIEFS

ADVISORY COMMITTEE ON AUSTRALIAN AID--The Papua New Guinea Government has set up a cabinet committee to advise Australia on how Papua New Guinea should spend its \$90 million [Australian dollars] in aid over the next 5 years. The committee comprises the foreign minister, Mr Gihero, as chairman; the finance minister, Mr Bouraga; the national planning minister, Mr Hollaway; and the health minister, Mr Kange. Mr Gihero said the committee would determine project priorities for the 5-year period during its meetings within the next 3 weeks. Radio Australia's Port Moresby office says that most of the funds for tied-aid projects will not be transferred to the Papua New Guinea Government because they would be administered by the Australian Development Assistance Bureau in Canberra on advice from Papua New Guinea. Our office says the national government has started discussing the 1986 budget and the national public expenditure plan, which will be brought down during the November session of parliament. [Text] [Melbourne Overseas Service in English 0310 GMT 5 Sep 85 BK]

CSO: 4200/1508

PHILIPPINES

POLITICAL OBSERVERS PREDICT BLOODIEST POLLS

Cebu City VISAYAN HERALD in English 24 Jul 85 pp 4, 9

[Text] Manila, (PNF)--With the escalation of the killing and abduction of vocal opposition leaders in the provinces, political observers here believe that the elections in 1986 and 1987 may yet be the most violent in the already bloody history of Philippine elections. It seems the government aims to win the local elections scheduled next year and the presidential elections in 1987, no matter what.

The latest victims of pre-election violence are Fr. Rudy Romano, a Redemptorist priest and vice-chairman of Bagong Alyansang Makabayan (Bayan--New Patriotic Alliance)--Visayas Mayor Cipriano Arnon of Zamboanga del Sur. The latter was shot dead in Pagadian City last 12 July.

Fr. Romano, according to witnesses, was abducted by heavily-armed men equipped with walkie-talkies last 11 July at Labangon four kilometers from Cebu City, central Philippines.

The Supreme Court has already ordered Defense Minister Juan Ponce Enrile and acting Armed Forces Chief of Staff Lt. Gen. Fidel Ramos to produce Fr. Romano. The government, however, has denied having a hand in his disappearance.

Several Church groups and human rights organizations condemned the abduction and have expressed the view that it is a part of a crackdown on militant church members. Among these groups are the Mindanao Interfaith People's Conference, the Legaspi Redemptorists, the Maryknoll Sisters, the Association of Major Religious Superiors of the Philippines (AMRSP), the Luzon Secretariat for Social Action (LUSSA) League of Filipino Students, Amnesty International, and the Redemptorists of Baltimore, USA.

In another incident the same day, another opposition leader, Rolan Ibanez of the Nationalist Alliance for Justice and Democracy-Cebu, was abducted by armed men a few hours after Fr. Romano, Bayan-Visayas charged that the military is behind the two disappearances and plans to hold various protest actions for their release.

Meanwhile, several officers of Bayan-Mindanao continue to languish in prison. Bayan-Mindanao president Laurente Ilagan, secretary-general Antonio Arellano and member Marcos Risonar, arrested a few weeks after a successful Welgang Bayan (People's Strike) in Mindanao are still being held by the military.

The NAJFD (Nationalist Alliance for Freedom, Justice and Democracy)--Mindanao chairman, meanwhile was gunned down in his home last 22 April. Attorney Romraflor Taojo, the slain leader, was also closely associated with the labor movement in Mindanao.

In addition, two Abra opposition lawyers are still being detained for subversion. Lawyers Albergo Benesa and Romero Astudillo are both members of the Free Legal Assistance Group (FLAG).

Aside from these personalities [word indistinct] and newsmen critical of the government, other opposition leaders have been killed by unidentified gunman. Among them are Zorro Aguilar of Dipolog City Zamboanga del Sur and Mayor Cesar Climaco of Zamboanga City.--Philippine News and Features

CSO: 4200/1496

PHILIPPINES

EDITORIAL ON PUBLIC'S VIEWS ON IMPEACHMENT MOVES

HK031151 Quezon City ANG PAHAYAGANG MALAYA in English 20 Aug 85 p 4

[Editorial: "Impeachment Debate Now With People"]

[Text] The KBL [Kilusang Bagong Lipunan] MPS thought they would be burying for good, the impeachment charges against Ferdinand E. Marcos when they voted to send the impeachment resolution and its supporting complaint to the Batasan archives, but they were wrong.

For the debate on impeachment move continues to sizzle. What happened is that the forum of the discussion has been transferred--from the Batasan floor to the people's forum, in media, market places, barbershops, social gatherings, churchyards and in all nooks and crannies where people congregate.

And in all these discussions, public and private, the ruling party and their leader, Marcos, are getting the worst of it. They are betting a sound drubbing, losing the argument. People say the charges against Marcos and his wife must be true because the KBL was in such a indecent hurry to shut up the opposition.

Such an arbitrary act--sending the resolution and the complaint to the archives--betrayed a guilty mind, people say.

For if Marcos and Imelda are innocent as they claim--if they did not actually take advantage of their high positions in the last 20 years to amass ill-gotten wealth--why did they not allow a fair and open-minded hearing by a Batasan which, after all, the KBL controls?

Why did they not let the opposition bring out their evidence so that such [word indistinct] proofs could be subjected to the test of veracity?

Manufactured evidence, or evidence based on perjury, cannot long stand searching scrutiny. In the process of cross-examination, any lie can be found out for what it is--an untruth.

All over the country public discussions about the aborted impeachment resolution and its supporting bill of particulars are going. What is unfortunate

for the KBL and the Marcoses is that they cannot be present to allay all the fears and suspicions of the people, to present their side of the debate.

The KBL decision to immediately shut off all debate in the Batasan by sending the impeachment resolution and its complaint to the archives was unwise. What has now happened could be likened to the common expression--"jumping from the frying pan to the fire."

CSO: 4200/1499

PHILIPPINES

MP CLAIMS \$13 BILLION NATIONAL EARNINGS 'MISSING'

Quezon City ANG PAHAYAGANG MALAYA in English 25 Jul 85 pp 1, 6

[Article by Marlen Ronquillo: "\$13-Billion RP Earnings Since 1965 'Missing'"]

[Text]

About \$13 billion supposedly earned from local exports or borrowed from foreign sources from 1965-84 is missing, an opposition member of parliament said yesterday.

Of the amount, \$10 billion of the money that is unaccounted for came from export earnings to Japan, the US and overseas contract workers while the balance represents foreign borrowings which failed to reach the country, MP Wilson Gamboa (Unido, Negros Occidental) said.

A report on the "missing" dollars is in the records of the Batasang Pambansa. The figures were furnished by economists who testified during last year's deliberations on the national budget for 1985, Gamboa said.

The \$13 billion was broken down by Gamboa into:

- \$3.6 billion in merchandise exports to Japan from 1965-82.

- \$240.8 million in hardwood exports to Japan from 1977-80.

- \$1.05 billion in

merchandise exports to the US from 1972-83.

- \$5.3 billion in remittances of overseas workers from 1977-84.

- \$3.1 billion is foreign loans which failed to reach the country.

Gamboa said a World Bank report, bearing No. 4912-PHIL and released last September stated that \$3.1 billion of unspecified amount of foreign loans contracted from 1978-82 failed to reach the Philippines or its supposed beneficiaries.

"The political opposition has a sneaking suspicion the money was used for illicit purposes," Gamboa said.

The "missing" earnings from exports and the remittances of workers were unearthed by researchers who gathered data on the actual volume and value of the exports and remittances reported by Philippine monetary authorities, the opposition MP said.

A foreign news-

paper report on the huge investments made by prominent Filipinos in the US has renewed the interest on hidden wealth abroad which, until the expose, never went beyond Manila's coffee shops and gossip circles.

The San Jose Mercury News in California ran a three-part series naming President Marcos, his wife Imelda and close Malacanang associates as top investors in the US.

A call for Marcos to resign has been initiated by the political opposition which has started gathering "millions of signatures" for a "Marcos Resign" move.

President Marcos has ordered a probe on the hidden wealth which the political opposition readily denounced as "inutile".

Another opposition MP, vocal Marcos critic Homobono Adaza, said he has gathered additional documents on the huge investments overseas and is preparing for a "major parliament expose".

The United Nationalist Democratic Organization (Unido) said it has documents and is awaiting the right time to reveal the contents.

CSO: 4200/1496

PHILIPPINES

VER CLAIMS VINDICATION BY SUPREME COURT DECISION

HK041441 Hong Kong AFP in English 1432 GMT 4 Sep 85

[Text] Camp Olivas, Philippines, 4 Sep (AFP)--General Fabian Ver, on trial for the Benigno Aquino murder, today said he and the entire armed forces were vindicated when the Supreme Court threw out the main evidence against him and seven other soldiers.

"It is a day of jubilation, not only for myself but also for the whole military organization which was unnecessarily dragged into the case when I was charged as an accessory to the crime," the armed forces chief told reporters in this military camp north of Manila.

General Ver, who received the pledges of loyalty of top military officials of the central Luzon provinces here, told them that he "suffered widely," but "you will see that despite the case, I have not suffered physically."

It was his first public comment on the Supreme Court's ruling last Friday that prosecutors could not use the testimonies of the eight before a probe board whose findings led to the trial. The court cited their right against self-incrimination.

Prosecutors contend that the testimonies showed that the eight lied to the probe board and thus covered up the 1983 murder at Manila Airport, for which 17 other soldiers were charged as principals and a civilian as an accomplice.

General Ver went on leave from his post as chief of staff last October when the probe board named him as an alleged conspirator in the murder. President Marcos has pledged to reinstate him if he is acquitted.

CSO: 4200/1499

PHILIPPINES

TATAD ON ISSUE OF GENERAL VER REINSTATEMENT

HK050751 Manila BUSINESS DAY in English 4 Sep 85 p 4

["Here and Now" column by Francisco S. Tatad: "Ver Plus Benitez?"]

[Text] The Supreme Court decision upholding the Sandiganbayan's ruling to exclude from the Aquino murder trial the testimony of Gen Fabian Ver at the Agrava Fact-Finding Board, and the eventual dismissal of the charges against him, are expected to clear the way for this "reinstatement" as AFP [Armed Forces of the Philippines] Chief of Staff. Ver and his commander-in-chief must be delighted, but I'm sure Mr Marcos knows he's got a real problem ahead.

Marcos is committed to reinstate Ver, should his innocence be affirmed. This has been extensively criticized. Despite the filing of charges against him, Ver was never officially relieved, but simply allowed to go on indefinite leave. As such, he does not even have to be "reinstated." All he has to do is to inform his deputy and acting chief of staff, Lt Gen Fidel Ramos, and his commander-in-chief that he has ended his leave. But, obviously Ver knows he just cannot do that. Marcos must decide whether or not he should come back.

Ver and his supporters obviously believe there can be no real "vindication" without reinstatement, even for only a very short period. There are those, however, who believe that his acquittal at the Sandiganbayan--predicted from the very start--should be quite enough, and that to return him as chief of staff would be to give him a vested right, which no one has, to the job. Without going into the question of innocence or guilt, many continue to argue that the chief of staff bore the final responsibility for the "security failure" that resulted in Benigno Aquino's murder, and that he should have immediately resigned after the incident.

No opinion poll has been conducted to find out just how many are in favor, and how many are against reinstatement. If the recent Bishops-Businessmen's Conference survey, showing a 35 percent disapproval for the Sandiganbayan's handling of the Aquino trial (and only 26 percent approval), is any indication, there cannot be a large body of public opinion for it. The fact that after several months of trial, the only one so far to have gone to jail, for contempt, has been the lawyer of the family of the dead Rolando Galman,

who was alleged to have shot Aquino, does not improve the chances of Ver's eventual acquittal and reinstatement being wildly applauded. Neither does the curious fact that while the Aquino case drags on, an accused person in another case has been convicted by the Sandiganbayan of some petty offenses and sentenced to a total of 828 years.

Reinstatement will be opposed by many, and although one does not foresee massive and spontaneous marches against it, those who oppose it will have ways of showing their sentiment. There could be a fresh spate of statements from members of the U.S. Congress, which could translate into specific positions in legislating economic and military aid to the Marcos government. And there could be an unexpected reaction from within the armed forces.

The reformist elements may find it difficult to accept a return of the old leadership at a time when they had begun to pursue reforms under a new leadership. Lt Gen Ramos himself may not be a problem, being loyal and pliant to Marcos. But others may want to drive home the point that the AFP as a non-political organization should not be made to choose between Ver and Ramos.

Despite Ver's considerable [word indistinct] the organization, the armed forces that he left at the beginning of the Aquino trial may no longer be quite the same armed forces to which he would now seek to be reinstated. Some internal change has taken place, a new spirit seems to be taking hold, which may not prove hospitable to the old arrangement. Marcos cannot err on this point. He needs Ver's continued loyalty, but he must keep it without estranging the new reformist elements of the armed forces. It is a tightrope.

The other day, the government showed on TV the alleged surrender of 250 NPA regulars and 2,500 "sympathizers" in Misamis to the deputy minister for human settlements, Jose Conrado Benitez. The whole thing looked completely suspicious. But never mind whether it looked fake, or that the "surrender" of "sympathizers" strikes you as a complete nonsense. Consider only what the government was trying to project. It was trying to say that the NPA had started to come down in droves. It is the sort of propaganda which the NPA will find easy to discredit, but obviously it is the line the government would like to push.

It is not easy for such a line to hold. But one way it could is for Marcos to make sure that the AFP morale becomes better than that of the insurgents, that the reformist spirit emerging from within the organization is not unduly disturbed or depressed by a controversial reinstatement. The meaning of this is obvious. Marcos must decide correctly on Ver, and do something about people like Benitez.

CSO: 4200/1499

PHILIPPINES

COLUMNIST URGES MODERATE OPPOSITION TO CATCH UP

HK040813 Manila BUSINESS DAY in English 3 Sep 85 p 4

["To Take a Stand" column by Richard Fernandez: "Playing at Revolution"]

[Text] The Communist Party of the Philippines (CPP), rather than the moderate opposition, has benefited most from the events following the Aquino assassination. Red flags have driven the yellow from city demonstrations, and have filled the countryside, where yellow banners never were. The CPP was prepared, with its cadres, clear program and its infrastructure, to master the tide of discontent: the moderate opposition, for its part, still remains unaware that it needs cadres, a program and systems, to compete for control of the nation.

The CPP of today disposes of a well-armed and skillful 10,000-man NPA; 5,000 party members and candidate members, and close to a billion pesos in yearly financial resources. This lean and powerful apparatus--which can outgun, outspend, and out-think the combined forces of the moderate political opposition--is arrayed against the Marcos government. Those forces are themselves so huge that, despite government corruption and inefficiency, they can suborn or coerce any above-ground oppositionist they choose to, as Ninoy discovered.

Both the Marcos regime and the CPP clearly intend to demolish the middle ground between them. As long as the absence of a strong moderate opposition can be ensured, all parties, local or foreign, will be forced to choose between the CPP or the current regime. Their strategy of liquidating the middle is a dominant one because its achievement guarantees the survival of the extremes. The minimum force required by either the CPP or the regime to survive would be that sufficient to destroy the moderate opposition.

Yet, by the same token, the survival of a strong middle would ensure the eventual demise of the CPP and the regime. The central task of the moderate political opposition then, is to keep alive and build itself up. For as long as this is achieved, national reconciliation will remain possible. If it fails, the current civil war must be fought to its bitter conclusion. The future existence of the Philippines as a nation depends on the attainment of that single goal.

But the fragmented moderate political opposition has not grasped this central proposition. It is this strategic self-awareness which it must first of all achieve. Yet this is not enough. Almost as dismaying as its lack of awareness has been its reluctance to invest in the real sinews of strength: a mass base, a financial base, a clear program of action, and a management infrastructure to control it all. An inventory of its assets in each of these categories would turn up almost nothing. Any real awakening by the moderate opposition to its historical task must be followed by increased investment in these categories of strength. Awareness must lead to a commitment to strength. Without the capabilities that arise from such investment, the moderate opposition will remain amateur in a league dominated by professionals.

Happily, it is possible to lay the groundwork for building up a mass base, a financial network, a management infrastructure, and other systems, without awaiting the final unification of the moderate opposition. The parts may precede the whole. Activist professionals, businessmen and simple people may build the base for victory while politicians dither.

That strength can be immediately employed at winning elections, in public policy debates, and in defending human rights. It can be used to win victories now, and final victory later. And it will signal all the world that a real alternative to dictatorships of the left and the right exists in the Philippines.

In sum, the survival of a strong, moderate alternative to the CPP and the Marcos regime is the narrow door to a democratic future, the single gap in closing jaws of totalitarian extremes. The task is before us; the time is short; and the penalty for failure [is] painful beyond all tears.

CSO: 4200/1499

PHILIPPINES

DAILY: ECONOMY WORSE THAN BEFORE

HK031141 Quezon City ANG PAHAYAGANG MALAYA in English 22 Aug 85 p 4

[Editorial: "The Only Solution"]

[Text] The report from the more perceptive and honest sectors of the business community that the country is presently worse off than before, that is, after the Aquino assassination, does not come as a surprise to the people who know from personal experience the real state of the economy.

The tell-tale signs which the administration is trying its best to hide are there: Manufacturing plants are operating at only 45-60 percent of their production level, credit remains tight and interest rates (30-35 percent) continue to be prohibitive and burdensome for manufacturers facing a shrinking market, and these overall tightenings in gainful employment opportunities have resulted in factory closedowns and personnel layoffs, triggering strikes as the daily struggle of workers become [words indistinct] in the face of spiralling prices.

"Business is worse than ever due to the lack of investors' confidence," says Mr Jaime Ongpin, president of Benquet Corp.

"Political instability will discourage any flow of investments--whether financial or non-financial, equity or non-equity," says Mr Jose Romero Jr, executive director of the Makati Business Club.

"In precipitating the 1983 crisis, the Aquino assassination also fully delivered the Philippine economy into the hands of the International Monetary Fund and the World Bank," says Mr Hilarion Henares Jr, president of the Philippine Pigment and Resins Corp.

"Basically, most businesses are in a 'hold pattern'. (I) don't think any major decisions are being made because people are generally waiting to see what is going to happen," says Mr David Sycip, senior adviser of PCI Management Consultants.

"We should start solving political problems first before we start talking of an economic recovery," says Mr Dante Santos, president of Philacor.

The observations are worth considering since they were made by people who are neutral in stance and who know whereof they speak. And they are one in the belief, as expressed tersely and succinctly by Mr Ongpin, that "the problem is political, not economic."

This means that President Marcos is the country's No one problem and unless he gives up the ghost or resigns or institutes reforms (but this is wishing for the moon) the economy will continue sliding downhill, with prospects of recovery becoming dimmer with every passing day. And any one of these parlous days, we shall wake up to learn our chances have become nil, all because of one man's insensate intransigence.

CSO: 4200/1499

PHILIPPINES

SURVEY LISTS MAJOR PROBLEM AS FOOD SHORTAGE

HK031147 Quezon City ANG PAHAYAGANG MALAYA in English 21 Aug 85 p 12

[Text] Not enough food to eat on a daily basis is the top problem of majority of Filipinos today.

An indication of this is a report of the Health Ministry that the food problem was identified back in 1981 when the state of the national economy was relatively better than at present.

A further lead is ongoing efforts of the national government at increased agricultural production including exhortations to both urban and city residents to go in for backyard vegetable gardening and household-scale raising of pigs and chickens.

The ministry reported that the finding on the food problem was made after a nationwide survey on the state of health of the national population.

Respondents were asked to list their 11 basic needs on a priority basis. The ministry gave the following results:

Food, economic base or livelihood, water, medical services, education, clothing, power or energy, shelter, ecological balance, mobility and sports.

Analyzing the response, the ministry said it found, not much difference between national and rural perceptions on the 11 basic needs except for slight variables in water, education, medical services, shelter and mobility needs.

The significant difference occurred in urban residents' basic needs compared to rural counterparts. The ministry said city dwellers' first priorities were food, water and employment. That of rural residents were food, jobs, medical services and education.

Priorities of countryside dwellers were ascribed by the ministry to such needs being "significantly very much limited" in the rural areas.

In the case of urban residents placing water as their second basic need next to food, the ministry said: "It is common knowledge that in the urban

areas people depend heavily on piped water system which is inadequate to meet their needs while in the rural areas, there are varied sources of water like wells, springs, piped water, etc."

The ministry added that medical services are more a priority need among countryside residents than urban counterparts due to comparative inadequacy of such services in the rural area.

CSO: 4200/1499

PHILIPPINES

ROTARY SPEAKERS ANALYZE DIFFERENCES BETWEEN NATIONALISTS

Baguio City THE GOLD ORE in English 20 Jul 85 pp 1, 9

[Article: "Nationalists Still Eye Full Independence"]

[Text] "ALL THE true nationalists in the Philippines have not given up the dream of complete, absolute independence for this country."

Baguio Colleges Foundation President (BCF) and Gold Ore Publisher Benjamin Salvosa zeroed in on American economic and political intervention as "the problem" in Philippine society today.

Speaking before a regular meeting of the Rotary Club Makati South, Salvosa said protest and opposition to this intervention remains the core endeavor of groups propagating varied hues of Filipinism.

Each group differs from most others only in the mixture of political concepts they utilize. The general pattern, however, is for the left-leaning parties to hug more socialist concepts.

"But no matter what concepts they use, they all want democracy," Salvosa said. "Proof that capitalism is the exploitation of man by man, and socialism simply the opposite."

"I think that we are all socialists, in one shade or another."

Salvosa assessed that the present concern of these groups, second to preaching their ideals and advocating democracy, is widening their

ranks. This is where most clashes occur.

"I see some danger that we could be headed for a civil war."

There are effective blocks to this danger, however, Salvosa explained. After political conflict progresses to political confrontation, groups will look to the leadership in each group to decide the action. It is not uncommon, he said, for subscribers of opposing view to remain closely related to each other by other links than political.

"I cannot imagine Jaime Ongpin shooting his brother Roberto, or Carlos Zumel, now superintendent of the PMA, confronting with the Zumel who is the head of the National Democratic Front."

Even at the top hierarchy, Salvosa did not discount reconciliation. He traced the political histories of the Marcoses and the Laurels. This history is pockmarked with instances of cooperation, even mutual support, that he concluded a Marcos-Laurel reconciliation is not too remote.

In the meantime, everyone

will lay claim to the truth.
"You must discriminate between the Marcos truth, the military truth, the Laurel truth, even the Rotary truth."

Salvosa received a bannerette of the Rotary Club Makati South after his talk, and answered questions fired by club members. One question had to do with who was winning in the contest for the people's hearts and minds between Regional Unified Command (RUC-I) Chief Brig. Gen. Tomas Dum-pit and Rebel Priest Conrado Balweg. "It's very hard to answer that question," Salvosa admitted, "all I can confirm about Balweg to you is that he is indeed a victim of deprivation of ancestral land, and that he is not wounded as reported in the newspapers." Salvosa quoted a Marxist-friend he did not identify whom he said would not admit he was a Marxist. *JRD

CSO: 4200/1496

PHILIPPINES

RIZAL PC COMMANDER BOASTS STRENGTH, DENIES ABUSES

Quezon City ANG PAHAYAGANG MALAYA in English 19 Jul 85 p 9

[Article by Vot Vitug: "'Reds Can't Take Rizal'"]

[Text]

Attempts of the rebel movement represented by the Maoist-inspired Communist Party of the Philippines (CPP) to win the hearts and minds of Rizal folk are doomed to fail because "we are prepared and we have enough men" to counter their incursion, Lt. Col. Leandro Mendoza, Rizal provincial PC commander, told Malaya in an exclusive interview.

During the interview, Mendoza confirmed reports that the New People's Army, CPP's military arm, had been active in the province in the past months.

Based on intelligence reports reaching his office, Mendoza said the rebels are currently eyeing Rizal where they can establish a mass base "to gain their political ends."

Mendoza said Rizal province borders Quezon province, Tanay, Laguna and Bulacan, making it an ideal region for the insurgents to gain access, mobility and control over the rest of the

eastern provinces.

He, however, denied widespread reports claiming that Rizal folk are subjected to abuses by the military such as massacres, hamlettings, zonings and mass murders.

"Rizal has just become a favorite dumping ground for bodies, but the killings have occurred somewhere else," he noted.

Sources from the local civil registrar here noted that almost one-half of the province's 800,000 population are mostly slum dwellers.

Poverty plagues these areas, making it a veritable breeding ground for rebels out on indoctrination campaigns.

Mendoza assured his constituents that every measure is being taken to neutralize the rebel movement and keep it at its infant stage to preserve tranquility and unity in his command.

Mendoza also said Rizal is one of the provinces which has a low crime rate.

He pointed out that only four crimes occur every month for every 100,000 persons.

PHILIPPINES

ARTICLE SUMMARIZES ABUSE OF SOUTHERN ETHNIC FILIPINOS

Quezon City ANG PAHAYAGANG MALAYA in English 24 Jul 85 p 9

[Text]

Ethnic Filipinos in the two Agusan provinces in Mindanao continue to be confronted with "man-made sufferings" as they continue to lose their lives and land under the rule of Civilian Home Defense Forces, civic and religious leaders here said.

Tribal leaders have also demanded the disbanding and immediate withdrawal of the CHDF forces who, they said, are being used by some companies to scare them off their lands and in the pursuit of government orders against rebel-inflict cruelties and murder on tribes people.

Enumerating numerous "brutalities" by the CHDFs, under the command of military units in the area, they wrote Minister of Defense Juan Ponce Enrile to carry out immediate investigation.

Also sent copies of the letter, which was drafted during their annual assembly last July 12, were provincial commanders Lt. Col. Ruben Cabagnot of Agusan del Norte and Lt. Col. Bernardino Alejandro of Agusan del Sur.

In an accompanying "statement of protest", they cited a total of 16 killings, 13 of whom perished in three massacre incidents allegedly perpetrated by CHDFs under PANAMIN leader Datu Lavi Manpatilan.

The Datu is also vice mayor of an Agusan river town and head of the government-backed Integrated Tribal Association in the two Agusan provinces and had the help of some military regulars last June 6, 9 and 27 in Kalilid, Agusan del Sur.

The killings, along with some arrests, burning of houses, the deployment of more military troopers and the forcible recruitment of tribals to paramilitary training, reportedly sowed terror and resulted in the evacuation of many tribal families and the disruption of peace and order condition in several tribal and Christian communities.

Most affected by the unabated para-military abuses are tribal villages in San Luis, Loreto, Lapaz and Bayugan towns in Agusan del Sur and in Buenavista, Agusan del Norte.

Noted too in the report was the allegation that some tribals were killed because of their refusal to sell their land.

A high ranking civilian official in Loreto town is allegedly canvassing land for an agribusiness company, independent sources revealed.

It further alleged that two tribal datu, the ones who usually decide for the landholdings of their tribe members, were killed in that town by CHDFs last June 20.

In a signed letter sent to Lt. Col. Alexander Noble, commanding officer of the Army's 28th IB, 25 priests and religious charged the para-military unit in Kalilid of "outrageous crimes", following their murder of six natives in the locality. Bodies of those killed were reportedly dismembered and stomachs sliced off.

The CHDFs, the religious in that letter claimed, were "staging a banditry-magahat style operations or killing anyone or anything alive that they met on the way" in compliance with the government's counter-insurgency program.

Tribal leaders and workers depicted this year's situation of tribal people as that of "extreme poverty, hunger and displacement, not only due to natural calamities but mainly by man-made sufferings."

They consider the para-militarization and the virtual war situation of tribal areas as the ones causing "man-made disaster" to the indigenous Filipino communities. (MMNS)

CSO: 4200/1496

PHILIPPINES

EDITORIAL HITS MARINE ATTACK ON SQUATTERS

Quezon City ANG PAHAYAGANG MALAYA in English 25 Jul 85 p 4

[Editorial: "Killing Machine"]

[Text]

Outrage is the mildest reaction to Tuesday morning's "efficient" slaughter by a platoon of Marines of squatter families whose houses were due for demolition in Tatalon, Quezon City.

As mediamen who were on the scene of the bloodbath described it, the Marines, who had entered the scene by crawling up to a barricade of concrete drainage pipes before spraying with armalites the row of houses, "were shooting everything on sight. They were shooting at the houses, at men, women and children. It was like war."

A *Malaya* employe hiding behind a jeep parked beside one of the houses being strafed said he saw "bodies fall like dead chickens" out of a back door during a lull in the seemingly endless volley of gunfire.

That the victims of the brutal and sweeping operations were squatters is beside the point. Certainly, there are more humane ways of ejecting them if necessary. What is disturbing is the manner with which Marines were brought to the area and how, much like soldiers in actual combat, they positioned themselves in safety before strafing the houses.

What is equally disturbing is the question of why Quezon City policemen — who should have been the ones helping the demolition team — were conveniently pulled out of the area and told to leave the scene because demolition would not push through. Were the cops pulled out to be replaced by efficient killing machines?

Now comes the National Housing Authority saying the squatters had to be ejected "by all means" because their site was hazardous to their health and safety, located beside a creek which claimed two lives when it became swollen during the recent typhoons.

Do we have here a case of a government so desperate to convince its constituents about the danger posed to them by a creek that it would condone wholesale slaughter just to make the people see the point?

When Marines are called in to use bullets to stop the "danger" to residents by a creek, can we expect the people to believe in government and the armed forces as their protector?

Or were the Marines meant more to protect the business interests of a firm identified with a presidential son-in-law?

CSO: 4200/1496

PHILIPPINES

MILITARY REPORTS REBEL PRIESTS' 'SURRENDER FEELERS'

Quezon City ANG PAHAYAGANG MALAYA in English 26 Jul 85 p 9

[Article: "Rebel Priest to Surrender?"]

[Text]

(PNA) - Military authorities here Tuesday said that renegade priest Fr. Bruno Ortega has sent surrender feelers to Camp Elpidio Quirino in Bantay, Ilocos Sur.

The surrender feelers also indicated that Fr. Ortega would be joined by several top leaders of the New People's Army (NPA) operating in the Ilocos Region, Col. Roy Parel Alzate, Ilocos Sur PC-INP provincial commander said in a telephone interview.

Alzate said negotiations for Fr. Ortega's surrender have been finalized on July 22 and is expected during the week.

Alzate said Fr. Ortega, parish priest of a town in Abra, would surrender together with NPA leader Maniled Molina.

Fr. Ortega, a native of Pangasinan, defected to the New People's Army in 1979. His brother Cirilo, also a priest, joined him in the hills.

Cuadra said Fr. Ortega is directly under the command of NPA commander Cesar Barodia.

PHILIPPINES

REBEL MUSLIM SPLINTER GROUP DEFINES ISSUES

Cotabato City THE MINDANAO CROSS in English 20 Jul 85 pp 1, 12

[Article: "Solve Bangsamoro Problem Through Negotiation--MILF"]

[Text] As long as the Philippine government does not resume talks on the Tripoli Agreement, the Bangsamoro people problems cannot be solved and the Front will continue the struggle, stated Mohagher Iqbal, OIC vice chairman for information of the Moro Islamic Liberation Front central committee.

The Mindanao Cross editor and reporter Regalado Tendaro Jr., interviewed Iqbal together with MILF legal officer, former Maguindanao Gov. Zacaria Candao, last Wednesday afternoon.

Only a truly autonomous government according to the Tripoli Agreement can solve the long-standing problems of the Bangsamoro people. He does not consider the present regional governments 9 and 12 as autonomous since Manila has to approve its vital operations.

- Example -

About 85 per cent of the Muslims still own no lands, Iqbal said to show that landlessness has been unattended and continues to be a serious problem of the Bangsamoro people.

"No one from the government visit the Muslims to attend to their problems," he said.

He cited a case of Muslims who had cultivated an aggregate area of about 100 hectares. Untitled, the area remained as public lands in the official map of the Bureau of Lands. An influential and well-to-do

Muslim in the city had it titled in his name.

"There are many other similar cases," Candao said, involving both Christian and Muslim landgrabbers.

Other socio-economic problems long unattended are evident among Muslims living around the site of the conference last Wednesday. The people appeared contented in their marginal existence with illiteracy and disease stalking around.

Not Weakened

Iqbal admits that resumption of talks on the Tripoli agreement is indefinite. He doubted the sincerity of the Philippine government to resume the talks.

He observed that the Philippine government did not conclude the talks in 1977 when the Front was still united. Now that the Front has splintered into the Misuari and Salamat groups, the government has a stronger excuse not to resume the talk, he said.

Delay in the resumption of the talks, he said, will not weaken the Front. There will be more time for Islamization, politicization, and training of fighters to strengthen the movement. Candao agreed.

Failure

Did the surrender or return to the government of Front commanders and fighters - the biggest such group being that of then KRC Chairman Amelil Malaguio and more than

30 commanders - weaken the Front?

Numerically, it did, Iqbal admitted. But quality-wise, no, he said.

By inducing commanders and their followers to desert the Front will not destroy the movement, he said. More will take their places as training is continuing.

"The Bangsamoro problem can only be solved by negotiating with the Front, not by pirating its ranks, Iqbal emphasized. He and Candao admitted that the government continuously send feelers for surrender.

No Problem

Reunification of the factions of the Front should not be a problem, Iqbal said. Except for Islamization which is the MILF ideology, there is no basic difference between the Salamat and the Misuari factions.

While they admitted that the Misuari group has been recognized to represent the Front in Islamic Conference, the MILF has more mass base and fighters as the basis for its legality. Recognition by the OIC is a matter of formality which MILF also enjoys, he said.

PHILIPPINES

BISHOP ON MURDER OF CHURCH BASIC COMMUNITIES LEADER, SONS

Melbourne THE AGE in English 25 Jul 85 p 8

[Article by Michael Richardson]

[Text]

The bodies of a village religious leader and his sons were covered by banana leaves and trussed up like the roasted pigs that Filipinos love to eat, said Roman Catholic Bishop Antonio Fortich.

"They were not burned. But they were tortured and stabbed many times. I have seen the photographs myself," he said.

Bishop Fortich, whose diocese covers the central Philippines sugar-growing province of Negros Occidental, was describing the recent killing of Eluterio Anangal and his four sons.

Mr Anangal was a village leader in a network of Basic Christian Communities (BCC's) organised in the parish of Kabankalan by the Australian missionary, Father Brian Gore. Father Gore was forced to leave the Philippines a year ago after a controversial case of multiple murder brought against him, an Irish missionary, a Filipino priest and six layworkers, was dropped.

Speaking by phone from the Negros Occidental capital, Bacolod, Bishop Fortich said people living in Mr Anangal's mountain village blamed the security forces for the killings.

Father Brendan O'Connell — a friend of Father Gore and a fellow Columban priest — said, in a telephone interview from Manila, that witnesses, including a daughter of Mr Anangal, reported that the five victims were taken from their houses by members of the Philippine Army's 7th Infantry Battalion and the paramilitary Civilian Home Defence Force (CHDF), a government-organised anti-communist village militia.

The troops had entered the village on a counter-insurgency operation in two trucks on 26 June. Mr Anangal

and his four sons, aged from the late teens to the 20's, were taken from their homes the same day.

A fact-finding team made up of human rights lawyers and church members is due to visit the village tomorrow to gather evidence.

Bishop Fortich said all the military authorities will say is that their men were engaged in a raid on "subversives". He said the church will protest about the case to authorities once it has evidence from witnesses.

Church sources said some elements in the armed forces want to break up the BCC network in the province because they claim it has been infiltrated by the communists and is being used to embarrass the military and local authorities.

Bishop Fortich said that, with the outlawed communist movement extending its activities and influence in the province, "some of the military want to create fear among villagers that if you are suspected (of being a communist sympathiser or opposed to the government) you have little chance of surviving."

"The idea is to dismantle the BCC's that have brought poor people together to help themselves and stand up for their rights."

Father O'Connell said that in many parts of southern and central Negros Occidental, villagers have been "salvaged" (summarily executed) by the military as part of a campaign to try to win obedience through fear. Bishop Fortich said that the campaign is only alienating people.

Father O'Connell said the murder of Mr Anangal and his four sons may have been a vendetta. A few weeks before they were killed, three CHDF members were shot dead in a nearby village.

"The military could not find out who was responsible and according to local people they were tense and angry about what had happened."

PHILIPPINES

PC CLAIMS DOCUMENTARY PROOF OF CIVIL AID TO NPA

Quezon City ANG PAHAYAGANG MALAYA in English 19 Jul 85 p 9

[Article by Elmer G. Cato: "Captured Documents Show People Aiding Pampanga Rebels"]

[Text]

SAN FERNANDO, Pampanga — The dissident movement in Pampanga is receiving regular support from at least 500 individuals in the province, Lt. Col. Reynaldo Berroya, Pampanga provincial PC commander, told *Malaya* in an exclusive interview.

Berroya said the names of the local "financiers" of the local arm of the New People's Army are contained in a classified document captured by government troopers during a clash two months ago.

He said that the list includes the names of wealthy provincial residents, including Chinese businessmen, fishpond operators, landowners, and even teachers and farmers.

The documents alleged that the contributions range from P100 to P5,000 monthly.

Berroya, who did not name the alleged financiers, said that those included in the list would be invited to Camp Olivas for questioning.

He said that the documents were seized last April 23 after troopers engaged a five-man NPA band in San Mateo, Arayat town, some 30 kilometers east of here.

Voluminous subversive materials, two high-powered rifles, and some personal belongings were allegedly recovered from three rebels

believed killed in the brief firefight.

Other documents, Berroya said, include vital rebel troop movements, potential Sparrow targets, financial reports, and instructions supportive of mass actions in different parts of the province.

The Sparrow Unit is the liquidation squad of the NPA.

Berroya also disclosed the existence of section party committees backed by NPA units operating in the eastern Pampanga zone.

In Arayat town alone, military authorities said that the Communist Party of the Philippines (CPP) has established key organs of political power including two party branches in 18 of the town's 30 barangays.

Six barangays are said to be already consolidated and another 18 targeted for expansion.

The rebels have also recruited a significant number of mass activists, Berroya said.

The April 23 encounter was the sec-

and clash reported so far this year.

A 7-minute fire-fight which netted several jungle packs and other rebel documents ensued in the same area 10 days earlier.

Berroya at the same time said that the insurgency situation in the province is very well under control, attributing the success of the military's counter-dissemination campaign to its extensive intelligence network.

Meanwhile, Sparrow Units of the New People's Army (NPA) here added two more figures to their growing list of liquidation operations in the province.

In two separate incidents covering an 8-day period, armed men believed to be members of NPA liquidation units shot dead a barangay official and a former policeman in Mabalacat and Sta. Ana towns.

Reported killed by NPA Sparrows in Sta. Ana town last July 9 was Feliciano Cortez, a police retiree, 8 days after an unidentified Mabalacat barrio captain was slain by another rebel group.

Reports reaching Malaya disclosed that Cortez was shot six times at close range by two armed men near his house in barangay San Jose at around 4 p.m. His assailants reportedly fled towards nearby ricefields.

Last July 1, rebels were also said to have felled the barangay head of sitio Mawake. His name, however, was not available.

Sketchy reports gathered show that the fatality was summoned early evening by several fatigue-clad figures who later shot him with automatic rifles after he reportedly refused to go with the group.

Motives for the two killings could not yet be established.

The slayings came following public disclosures of military documents specifying victims of NPA Sparrow operations in the province which have increased compared with previous years.

PHILIPPINES

PROBLEMS OF EPZ'S ANALYZED

Quezon City ANG PAHAYAGANG MALAYA in English 23 Jul 85 p 9

[Article by Greg O. Refraccion: "Dateline: Bataan--EPZs Becoming Obsolete?"]

[Text]

There is one official of the Export Processing Zone Authority (EPZA) who has suggested that the Minimum Wage Law be abolished to attain industrial peace, especially at the export-oriented firms.

Lawyer Bayani N. Santos, assigned as assistant officer-in-charge of the Industrial Relations Department at the Bataan Export Processing Zone, said: "I don't think we can attract investors when the government dictates the minimum wage of workers."

Santos said that with the Minimum Wage Law scrapped, the workers will have more bargaining power. "Without this law, there would be no basis of increase of prime commodities," he explained.

According to Santos, in Southeast Asia, only the Philippines has a Minimum Wage Law. "This will also lessen labor strikes," he pointed out.

Still on EPZA, only few have noticed that the Cavite Export Processing Zone in Rosario, Cavite is another white elephant. The government spent millions of pesos to build the CEPZ administration and factory buildings there, only to be left idle.

Up to this time, not a single investor has dared put up business at the CEPZ. Most of the employees who are supposed to be working at CEPZ are actually holding office at EPZA's Legaspi Towers office on Roxas Boulevard.

The most common problem that bugs the EPZA is lack of market, or how to sell its products abroad. In BEPZ, alone, the main reason why

most EPZ firms close shop is lack of buyer.

Some firms have been forced to sell their finished products to local markets at lower prices. Are EPZs fast becoming obsolete?

This coming Wednesday or Thursday, a composite battalion from Camp Olivas, Pampanga will arrive in Bataan to intensify the military drive against insurgency and to complement the Philippine Marines squad guarding the National Power Corporation's transmission towers.

Major Jose M. Hermogenes Jr., assistant provincial commander, said that "Task Force Mt. Samat" has been formed and is headed by Col. Lorenzo Mateo, deputy commander for operations, PC Recon 3.

The military authorities have realized the strength of the insurgents in Bataan. Of all the provinces in Central Luzon, Bataan has been considered by the military as "explosive."

Mayor Gabriel L. Manrique of Orion, Bataan has identified the three reasons why, despite the taking over of the new manager of Bataan Electric Cooperative, Inc. (Batelco), the electric cooperative is still losing.

The three factors are: huge system loss (about 40 per cent), inefficient collection, and over employment. Manrique said that it would only be good if the National Electrification Administration (NEA) takes over the management of Batelco, that it should lay off employees.

CSO: 4200/1496

PHILIPPINES

AUSTRALIAN AID TEAM PULLOUT TO BE COMPLETED 30 SEPTEMBER

HK040805 Manila BUSINESS DAY in English 3 Sep 85 p 18

[Text] The pullout of Australia's aid team from an integrated rural development project in Northern Samar, announced by Canberra earlier this month, will be completed by Sept. 30, a deadline set by the Australian Government.

The withdrawal of Australian assistance from the project has been demanded repeatedly by rebels operating in Samar. The area is one of the country's most economically depressed.

A source of the Australian Embassy said most of 21 consultants involved in the project will go home but a few will stay on, but will be based in Manila, to oversee the continuation of some parts of the project.

Canberra said some aspects of the project will be continued by both the Philippine Government and non-governmental organizations under the supervision of Manila-based Australian consultants.

The source said, however, that partial continuation of the project under Australian supervision will depend on whether private organizations could be found to run it. Continuation of the agriculture component of the project judged by the Australians to be the most successful, is the "most in doubt," the source said.

Australian funding for the project has totaled \$45 million. The integrated project to be implemented over 10 years also includes a \$1 million electric service extension (from 4 percent of households served at the beginning of the project in 1978), building of medical facilities and roads. Some 120 to 130 Filipino personnel from various agencies are involved in the project.

The Australian aid officials had their first encounter with a rebel unit belonging to the communist New People's Army last February.

In April, one project field team made contact with the NPA guerrillas who impressed the project workers as "disciplined and quite helpful," the source said, relating how the rebels helped the women in the team which was hiking through the jungle.

But the rebels then already "lectured" the Australians about an undue credit being enjoyed by the Marcos government for the project. The source said the Australians were asked to relay to Canberra the message the "Australian aid is not welcome, the project must stop."

Following that April encounter with the NPA, the source said, Australian Foreign Minister Bill Hayden ordered a review of the whole aid project and a team from Canberra came to the Philippines to investigate. The team recommended that the Australians be withdrawn by the end of 1987.

Last Aug. 8, at least 45 heavily armed rebels raided a farm training center of the project and seized office equipment and "several hundred" ducks intended for dispersal, then burned the documents, all the time holding the Filipino staffers at bay. The same night, the rebels returned to dismantle and take away the radio-[words indistinct] of the center.

Hayden noted in Canberra that the NPA's "level of opposition (to the project) has risen from vocal to physically destructive."

CSO: 4200/1499

PHILIPPINES

BRIEFS

'INTENSIVE' CAMPAIGN AGAINST NPA--Davao City--Front-line military commanders say an intensive counter-insurgency campaign has loosened leftist guerrillas' grip on this key city. Communist-led New People's Army guerrillas controlled 30 percent of Davao's districts at the beginning of this year. A military counter-offensive spearheaded by 1,500 crack Marines, however, has driven the rebels from all but 8 percent of the city's districts, commanded by Col Rodolfo Biazon, began the offensive by moving into 24 hamlets "heavily controlled" by NPA guerrillas. Each was ruled by an NPA shadow government, supported a "revolutionary militia," and paid rebel taxes. Colonel Biazon held a series of town meetings with the guerrilla sympathizers and coaxed them to talk about their grievances rather than support the NPA. "It took four to six months to change the people's attitude, but there is a change in the areas we moved into," he said in an interview at his rural camp. Authorities concede that President Marcos's government has losing around Davao are merely lying low while the government steps up its propaganda to create the illusion of winning. [sentence as published] [Text] [Manila BUSINESS DAY in English 4 Sep 85 p 19 HK]

POLICE CHIEF, 11 OTHERS KILLED--Manila, 2 Sep (AFP)--A police chief and 11 other people were killed in clashes between government troops and communist guerrillas in the central and southern Philippines, military authorities reported today. Central Philippines military officials said the police chief of Victorias town, a militiaman and two communist New People's Army (NPA) rebels were killed in a running gunbattle in the town's hinterlands. And five communist guerrillas were gunned down after 50 NPA rebels attacked a military detachment in the southern town of Balingasao in Misamis Oriental Province, a military spokesman there said. The military spokesman said that two militiamen and an unidentified woman hit by stray bullets were killed in the firefight. President Ferdinand Marcos's military-backed government has been fighting the NPA, the guerrilla arm of the outlawed Communist Party of the Philippines, for the past 16 years. From a rag-tag band of a few hundred guerrillas in 1969, the NPA has reportedly grown into a force numbering between 12,000 and 15,000 regulars operating in 62 of the country's 73 provinces. [Text] [Hong Kong AFP in English 1603 GMT 2 Sep 85 HK]

MNLF IN-FIGHTING--The worsening rift among MNLF leaders in Lanao del Sur has erupted into a bloodbath. Reports said three MNLF commanders, Commander Lara, [word indistinct] chief of MNLF [words indistinct] in a shootout in Barangay Karamatang, Masui, Lanao del Sur. Killed were (Saraytang Dayalil),

(Narodin Haji Rasul), and (Samsudin Makaribar). The suspected killers were identified only as Commander Lalawak and Omar who refused to recognize Commander Lara as their leader. [Text] [Quezon City Maharlika Broadcasting System in English 1100 GMT 3 Sep 85 HK]

AIRPORT SAFETY CRITIQUE HIT--Aviation Security Command chief Colonel Romeo Ochoco has reacted to a NEWSWEEK report classifying the Manila International Airport [MIA) as one of the most dangerous airports in the world. The report cited the proximity of the MIA to the military air force base. Added details from correspondent Cel Baiza: [Begin recording] On the contrary, he said, the presence of the new [word indistinct] PAF [Philippine Air Force] planes is indeed a security complement to the airport terminal building and its facilities. He bewailed the article which, according to him, is destroying the local tourism industry. [end recording] [Text] [Quezon City Maharlika Broadcasting System in English 0800 GMT 4 Sep 85 HK]

LINK BETWEEN SUBVERSIVES, ACTIVISTS--Military authorities in Central Luzon said they have more evidence of the link between subversives and some activist groups there. Documents captured in various encounters in Pampanga show a link between the groups. The latest document establishing that link was among those recovered recently following a 30-minute encounter between elements of the 173d PC [Philippine Constabulary] and an eight-man NPA band in Barangay Buenavista, Mexico, Pampanga. Armed Forces Region 3 Commander Jose Magno said similar documents have been recovered in the town of Santa Ana last August 10 and in Angeles City last August 8. [Begin Magno recording] The tie-up between the (mass) organizations and the protest organizations with the subversive movement could be gleaned from the exchange of notes and their participation, and this all goes to prove that they are bent on firming up a broad united front in keeping with the times they have been (forced) to participate in rallies. [End recording] [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 4 Sep 85 HK]

PROTECTION FOR WORKERS--The Human Settlement Ministry is seeking ample military protection for its personnel assigned in critical areas. Several ministry field workers have been killed recently in Misamis and in Samar. The latest fatality was [name indistinct], a Human Settlements office in Calbayog, Samar. Deputy Human Settlements Minister Jose Conrado Benitez spoke about the killing of [name indistinct] and other field workers of the ministry. [Benitez recording indistinct] [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 4 Sep 85 HK]

MEDIA MARKED FOR NPA 'LIQUIDATION'--Philippine mediamen critical of the Communist Party and its military arm, the New People's Army, are marked for liquidation by the leftist guerrilla hitmen. This was disclosed by a lady communist guerrilla leader in the southern Philippines to Philippine Navy Commander Ruber Domingo who was a captive of the communist guerrillas for [words indistinct]. The Navy officer was detailed as vice president of a government steel mill in the southern Philippines when he was taken hostage by the leftist rebels. He was released only last August 22. The Navy officer

said the communist guerrilla chieftain told him it is the policy of the communist NPA movement in the Philippines to kill all mediamen who are critical of the movement. [Text] [Manila Far East Broadcasting Company in English 0230 GMT 4 Sep 85 HK]

ASEAN TRADE EXPANSION URGED--Philippine acting Foreign Minister Pacifico Castro yesterday called for a wider trade expansion among members of the Association of Southeast Asian nations. Minister Castro said this would not only [word indistinct] the high economic growth of the region but would also bring ASEAN closer to becoming the economic community it was envisioned when it was formed 18 years ago. As a first step towards the goal of an economic community, Minister Castro proposed that the ASEAN preferential trade agreement be further expanded to include more products exported by member countries within the region. The preferential trade agreement grants tax and tariff exemptions and other incentives to products exported by member states within the region. The Philippine acting foreign minister made this proposal when he opened the first ASEAN standing committee meeting, which the Philippines is chairing for the fourth time this year. [Text] [Manila Far East Broadcasting Company in English 0230 GMT 4 Sep 85 HK]

FUNDS FOR RICE, CORN PROCUREMENT--Eight hundred million pesos are being released for the palay [unhusked rice] and corn procurement program of the National Food Authority [NFA]. Administrator Jesus Tanchanco said 600 million pesos will be used to buy palay. He said more money is being allotted to palay procurement because of indications of a bumper rice harvest this year. [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 5 Sep 85 HK]

INDONESIAN MILITARY VISITOR--General Tni Rudini, chief of staff of the Indonesian Army, will be arriving here in Metro Cebu tomorrow on a two-day goodwill visit. This was learned from Brig. Gen. Benjamin M. Divinagracia, commanding general of the Army's 3d Infantry (Spearhead) Division based here, at Camp Lapulapu, who also said that General Rudini will be accorded a planeside honors upon his arrival at the Mactan Air Base at 9:30 in the morning by elements of the 560th Composite Tactical Wing, Philippine Air Force, under the command of Col. Romulo L. Querubin. The visiting Indon Army chief of staff will be met by top military officers here to be led by Brig. Gen. Rodrigo M. Ordoyo, deputy division commander of the 3d Infantry Division here and concurrently, commanding general of the 1st Infantry Brigade, 3ID, PA home-based at Awang, Dinaig, Maguindanao. Mrs Fe Divinagracia, wife of General Divinagracia, will lead welcomers. [Text] [Cebu City VISAYAN HERALD in English 25 Jul 85 pp 1, 11]

CSO: 4200/1496

SINGAPORE

PRESIDENT TO HAVE EXECUTIVE POWERS

Kuala Lumpur NEW STRAITS TIMES in English 24 Jul 85 p 1

[Text] Singapore, Tues--Prime Minister Lee Kuan Yew said today the Cabinet had decided to give executive powers to the president.

Mr Lee told Parliament the constitutional changes were aimed at giving the president veto powers over the use of foreign reserves estimated at more than S\$23 billion.

The government would move "step by step in drafting, clarifying and refining" the changes before presenting them to Parliament as a White Paper in 1987, he said.

Mr Lee, who has indicated that he may become president, said the move would safeguard the island's reserves from being "squandered" by any future elected government.

He would agree to put the issue to a referendum only if the Opposition could prove that the White Paper was "an outrage."

Mr Lee's Government has the necessary two-thirds majority to change the constitution.--REUTER

CSO: 4200/1505

SINGAPORE

STEPS TAKEN TO REVIVE ECONOMY

Kuala Lumpur BUSINESS TIMES in English 29 Jul 85 p 2

[Text]

SINGAPORE has announced urgent measures to stimulate the economy, saying growth in the second quarter has come to a standstill.

Trade and Industry Minister Lee Hsien Loong said in a speech Friday the measures would cost the government S\$450 million.

Mr Lee, who heads a special economic committee to review the economy and make recommendations for the rest of the decade, said the government had overestimated in setting a growth target of five to seven per cent this year.

Singapore recorded a three per cent growth in the first quarter, one of the lowest in several years.

"Since then, our economy has slowed further," said Mr Lee, the elder son of Prime Minister Lee Kuan Yew.

"For the second quarter, preliminary es-

timates show that our economy registered no growth at all — zero per cent," he added.

The new measures were aimed at lessening the cost burden of businessmen in such areas as property tax, rentals, communication and port charges, but they were not a 'quick fix', he said.

Mr Lee announced a freeze on government lands sales and a speeding up of public works, including the building of expressways.

The government will also take steps to promote financial, banking and other service sectors, while keeping manufacturing as the core of the economy, Mr Lee said.

Mr Lee, who entered politics only six months ago on retiring as second-in-command of the military, said major reasons for Singapore's economic ills were spiralling wages and lower than expected productivity

gains.

Singapore has become less competitive and its recession was much deeper than its economic rivals in the developing world, like South Korea, Hong Kong and Taiwan, he said.

The government launched a high wage policy in 1979 to force businesses to upgrade themselves and to attract capital-intensive, high technology industries to Singapore.

But Mr Lee said: "It did not discriminate between expanding, profitable industries which could afford to pay high wages and declining ones which could not."

The process of transforming the economy, however, was well under way and "we have no choice but to press on with our economic restructuring", he said, adding: "We need long-term solutions to our problems." — Reuter

CSO: 4200/1505

SINGAPORE

BUSINESSMEN HAIL NEW AID PACKAGE

Kuala Lumpur BUSINESS TIMES in English 29 Jul 85 p 2

[Text]

SINGAPORE businessmen yesterday welcomed government measures announced Friday aimed at boosting sluggish economic activity here.

The S\$450 million package of rebates and public spending had erased a belief that the government was insensitive to the problems of the business community, president of the Singapore Manufacturers' Association (SMA) Tan Wah Thong said.

He said the government had identified the basic problems of the business sector and taken steps to help it through the present difficult period.

The Singapore Contractors Association said the government had recognised a need to help local contractors by speeding up construction projects.

It called on the government to prevent foreign contractors from using government-owned firms to win contracts here.

The association welcomed a government move to cut the costs of their business operations, but said housing and construction costs could be lowered further.

Brigadier-General Lee Hsien Loong, Minister of State for Trade and Industry, announcing the package Saturday, said it aimed to help economic recovery.

Mr Lee, elder son of Prime Minister Lee Kuan Yew also disclosed Saturday that Singapore had registered zero growth for the first half of this year.

It was the first time in 20 years that the economy had slumped so badly, and followed 9.2 per cent growth in the first six months of last year, he said.

Among the incentives were property tax rebates, cheaper loans, cuts in telecommunications charges, a loan venture fund of about US\$50 million for the next 123 months and a land sales freeze.

Reductions in airport rental, ground handling and aviation fuel fees were announced along with lower port charges, rebates on warehouses and land rental by the Jurong Town Corporation, and concessions for the government's commercial and industrial tenants.

The measures took account of grim economic conditions expected in the next few years and the probable failure of Singapore to meet the government's growth target of five per cent to seven per cent this year.

Mr Lee heads an economic committee set up to make a mid-year review of the economy outlook for the rest of this decade.

Earlier last week First Deputy Prime Minister Goh Chok Tong had good news for investors in a compulsory employees' savings scheme, announcing further relaxation of rules preventing the withdrawal of funds to purchase property. — Bernama ES-AFP

CSO: 4200/1505

SINGAPORE

SHELL CLOSES OIL REFINERY

Kuala Lumpur BUSINESS TIMES in English 7 Aug 85 p 7

[Text]

SHRINKING oil refining business has forced the Dutch oil giant Shell to shut down one of its four major crude oil refining plants in the republic.

A Shell company spokesman said the closed unit was in fact "standing idle" since last September in view of the current downslide in the oil industry.

Shell, the first oil company to close a major plant on dwindling business prospects, stopped operating one refining unit in April this year but the spokesman maintained that it was still on "standby" and could be put back into operation if required.

A drop in worldwide demand and an increase in refining facilities in Indonesia and Malaysia had brought oil refining operations here to a record low, from about 1,000,000 bpd to 750,000 barrels bpd. In the first half of the year local refiners — Shell, Mobil, Esso, British Petroleum and Singapore Refining Company — had been averaging around 600,000 bpd.

The shutting down of the refining unit has reduced Shell's refining capacity by about 60,000 barrels per day to about 400,000 bpd.

The Shell spokesman said the shutdown would not lead to any retrenchments as most of the staff had been reassigned to other jobs in the refinery.

Mobil, some time ago,

had indicated that it was "reviewing the market situation" but it was yet not known whether the company would follow suit.

Meanwhile, Sarawak Shell Bhd, a subsidiary of The Royal Dutch/Shell Group, said it plans to build a \$2 billion middle distillate synthesis (MDS) plant which can convert natural gas into transport fuel and kerosene.

The plant, yet to be approved by the government, will be sited at Bintulu, Sarawak. It will use gas from the Bintulu liquified natural gas (LNG) plant, in which Sarawak Shell has a 17.5 per cent stake, a company spokesman said.

The other partners in the LNG project are Mitsubishi Corporation with 17.5 per cent and the national oil company, Petronas, with 65 per cent.

The MDS plant is expected to produce 10,000 bpd of premium middle distillates for the Malaysian market.

The Royal Dutch/Shell Group currently operates in 15 oil fields and two gas fields, mainly in the two East Malaysian states of Sabah and Sarawak, producing some 200,000 bpd of oil and 700 million standard cubic tonnes of gas.

The spokesman said negotiations with the government were at an advanced stage but declined comment on their outcome. — Reuter

THAILAND

PUBLISHER BACKS 'ONE MAN, ONE VOTE'

Bangkok LAK THAI in Thai 1 Aug 85 p 58

[Speak Thai column by Ratana Yawapraphat: "The Military and the Election System"]

[Text] The military is playing an important role in opposing revising those articles of the constitution that concern elections. Specifically, the military is concerned about the joint-zone, separate zone and joint-number, single-number issues brought up in parliament last month by the Social Action Party. This resulted in parliament, including both MPs and senators, voting on a resolution on 22 July. The side that wanted to revise the constitution, that is, the SAP, was supported by the political parties in the government and so the resolution was passed by more than half the members of parliament as prescribed by the constitution. People who do not understand may think that the military is interfering too much and that it is obstructing the democratic process. The leader of one pro-government political party once complained that the military opposes the political parties on this issue because it wants to ensure that a prime minister who comes from the military and who is not elected continues to hold power.

Let's look at the facts to see what the truth is and to see what the objectives of the two sides are.

The present constitution stipulates that elections are to be joint-zone, slate type elections. Previously, the temporary provisions in effect called for separate-zone, slate type elections. The SAP feels that as of 1985, the Thai people are still ignorant and that we should not, therefore, have joint-zone, slate type elections. It feels that we should return to holding separate-zone, slate type elections as called for by the temporary provisions. Thus, it asked that the constitution be revised.

But most of the soldiers and civil servants who are senators feel that if the constitution is to be changed, it should be made fully democratic. They have proposed that elections be of the "one-man, one-vote" type. This means that elections would be of the separate-zone type. But in each zone, the people would elect one person. Mr Michai Ruchuphan, a

legal advisor to the prime minister, feels that each election zone should be composed of 150,000 people if the "one man, one vote" elections are to turn our system into a perfect democracy as in other civilized countries in the world.

When the military, the civil servants and this lawyer expressed this view, it generated a strong reaction on the part of the SAP, particularly Mr Khukrit Pramot, the leader of the SAP. He flew into a rage and said that if single-zone, single candidate elections are held, parliament will be filled with criminals and hoodlums. He said that this will destroy the political party system. No political party will be able to win a majority large enough to form a government. In particular, this will enable people like Prem to serve as prime minister since no political party leader will be able to become prime minister.

Since both sides are citing democracy for their own reasons, to what conclusions can we come?

Will holding one-man, one-vote elections, in which each zone elects a single person, as proposed by the military, enable financiers, hoodlums and criminals to take over the country as Khukrit claims? And is he saying that no financiers, hoodlums or (underground) criminals were elected to parliament in past elections using the separate-zone, slate-type method in which each voter in an election zone could vote for several candidates? We can probably arrive at a conclusion based on this.

Holding separate-zone, slate type elections as proposed by the SAP will enable the large political parties to buy votes easily. Or stated another way, they will be able to save money to use as "pia hua taek." Financiers and criminals will be able to use money to gain votes. As for winning votes, the senior people in the party will be able to stage large rallies to seek support. The small political parties will have very little chance to field candidates or campaign.

As for the one-man, one-vote, or separate-zone, separate-number, system as proposed by the military, the large and small political parties will be able to campaign on an equal footing since things will depend on the personal qualities of the candidates. Financiers, hoodlums or criminals may be elected if the people in a zone like them or are their underlings. But in many other zones, the people will probably elect honest people. And they will have a greater chance to elect people who come from their area.

Single-zone, single number elections are more in accord with democratic principles than are separate-zone, slate or joint-zone, joint-number type elections. The military played a role in this effort to change the election system, and even though it lost, the military served as the spokesman of the people. It is the democratic side. The political parties are still seeking personal gain and are not real representatives of the people.

THAILAND

RTA 'ROYAL ELEPHANT' FACTION POLITICAL ACTIVITY

Bangkok CHAT ATHIPATAI in Thai 10-16 Aug 85 pp 8, 9

[Inside the Army column: "The Royal Elephant Turks and Movements Worth Watching"]

[Text] At a time when the political situation in parliament is becoming calmer since parliament has concluded its general session and politics outside parliament is heating up in various groups such as the laborers, the various military factions are now so quiet that things are unclear.

There have been reports that on 28 July, Gen Athit Kamlangek and Lt Gen Phichit Kunlawanit held another official meeting at the Shangri-La Hotel in Hong Kong. And before Lt Gen Phichit left to meet Gen Athit that day, they met together frequently here. As for the activities of this military faction, one colonel said that this was a new movement on the part of "Royal Elephant" officers in an attempt to coordinate things with senior officers.

The Royal Elephant turks engaged in rather serious activities at the end of 1984. They joined together to put pressure on the government. Gen Prem Tinsulanon had devalued the baht at the beginning of November. Certain regimental and battalion commanders in Bangkok and the surrounding area met at the home of Lt Gen Phichit Kunlawanit, the commanding general of the 1st Army Area. But their meeting on the evening of 7 November in order to wait for orders to take action came to nothing when higher echelons ordered them not to take action. Thus, things quieted down.

Prior to that, the group of battalion commanders known as the "Royal Elephant Turks" began to make themselves known during the movement to secure an extension for Gen Athit Kamlangek, the RTA CINC and supreme commander, at the beginning of August 1984. They carried on activities in cooperation with Lt Gen Phichit Kunlawanit, who was then serving as the commander of the 1st Royal Guards Infantry Division. This group was composed of regimental and battalion commanders. The coordinator of this group was Col Phiraphong Sapphakphisut, who was then serving as the commander of the 1st Royal Guards Engineering Battalion.

Later on, Col Phiraphong talked with reporters about the formation of this group of officers. He said that the group was not based on military class or service since his group had learend this lesson from a senior class, that is, the Young Turks of Chulachomklao Royal Military Class 7, who became rebels when they staged the 1-3 April 1981 rebellion.

As for his group's ideals, Col Phiraphong said that he and the other young officers had formed this group in order to gather opinions on various topics, exchange ideas and submit their conclusions to their superior officers, including Gen Athit Kamlangek and Gen Prem Tinsulanon, for the benefit of the people and country.

Had to Remain Quiet Because Were Accused of Being Rebels

Toward the end of 1984, the Royal Elephant Turks began to engage in more forceful activities. Even though the events on the evening of Loi Krathong had subsided, this took place at a time when there were reports of a conflict between Gen Athit and Gen Prem.

Each step taken by the Royal Elephant Turks was watched closely by the group of Lt Gen Chawalit Yongchaiyut, the deputy army chief of staff and the generals of CRMA Class 5. The group of Lt Gen Chawalit felt that the Royal Elephant Turks were trying to topple Gen Prem and his cabinet.

The Royal Elephant group felt that the CRMA Class 5 officers and Lt Gen Chawalit were siding with Gen Prem and that they were against granting an extension to Gen Athit Kamlangek. The activities of the two groups affected each other continuously, which was manifested in the form of class banquets.

The activities of the Royal Elephant Turks began to die down after senior officers whom they had supported, such as Col Manun Rupkhachon and Col Bunsak Phothicharoen, former young turk leaders from CRMA Class 7, were arrested by Police Maj Gen Bunchu Wangkanon, the commander of the Suppression Division, and Maj Gen Phuchong Nilakham, the commander of the Artillery Division, during the night of 15 Spetember 1984. Following that, certain members of this group, such as Col Prachak Sawangchit and Col Prap Chotikasathien, apologized to Lt Gen Chawalit Yongchaiyut and the officers of CRMA Class 5 for accusing them of being behind the arrest of their friends.

Because of what had happened, there were rumors that approximately 50 of the leaders of the Royal Elephant faction would be arrested. In particular, it was said that Col Phiraphong Sapphakphisut, one of the main leaders of this faction, would find himself in great trouble and that he would be arrested on charges of "inciting a rebellion to topple the government."

Col Phiraphong cleared up this matter by going to see Gen Chamnan Nilawiset, the under secretary of defense, who was supposedly the person who was going to take action against the Royal Elephant group. This was made possible by the help of Gen Athit Kamlangek. After that, the Royal Elephant group kept quiet.

The New Movement Is Just As Strong As Before

As for the new steps being taken by this group, an officer who is close to Col Phiraphong said that Lt Gen Phichit Kunlawanit opposed the Social Action Party's proposal to revise the constitution before adjourning parliament on 22 July. It was soldiers under the command of Lt Gen Phichit, who opposed this proposal, who lost when parliament passed the resolution on the evening of 22 July. After this defeat, certain regimental and battalion commanders held a meeting at the home of Lt Gen Phichit in order to discuss this matter before Lt Gen Phichit went to Hong Kong, where he was scheduled to meet with Gen Athit Kamlangek, Col Phon Ruangprasoetwit and wealthy Thai businessmen at the Shangri-La Hotel on 28 July. This is another movement on the part of senior military officers.

At the same time, lower-ranking officers and regimental and battalion commanders in the Royal Elephant group have been carrying on activities. Most recently, Col Phiraphong Sapphakphisut met with Lt Col Suraphan Phumkaeo, the commander of the 1st AAA Battalion, and Lt Col Chongsak Phanitchakun, the commander of a special combat battalion, Lopburi Special Warfare Command. They held a very quick meeting at a restaurant in the Siam Square area.

Certain colonels in this group said that the group will hold a large meeting again. Battalion commanders have arranged to play golf together on 14 August at the Railway Golf Course. It is expected that many battalion commanders will take part since there are rumors that Lt Gen Phichit Kunlawanit will be there.

As for the recovery made by the Royal Elephant Turks, we can't tell in what direction they will move or whom they will support. But the officers in this group frequently say that they are working for their superiors and for the nation.

11943

CSO: 4207/280

THAILAND

PROPOSED SENATE CHANGES IN DEFENSE AUTHORITY ASSESSED

Bangkok LAK THAI in Thai 15 Aug 85 pp 23, 24

[Article: "The Defense Council, the Commanders In Chief Can't Force Anyone to Sign"]

[Text] The fact that the Senate recently passed the Defense Council draft act is a new sign in establishing bureaucratic order under the Ministry of Defense. This gives greater power to the minister of defense. Those who submitted this draft act want to make it possible for anyone to serve as minister and not require that the position always go to a military officer.

Cross-Year Proposal

The Defense Council Draft, or the "Draft Act to Establish Bureaucratic Order in the Ministry of Defense" as it is called officially, was proposed by Lt Col Sanan Khachonprasat, a Democrat MP from Phichit Province and the chairman of the House Military Affairs Subcommittee. Lt Col Sanan submitted this draft to parliament last year. But the cabinet submitted the same proposal and so the House of Representatives agreed to merge the two into a single draft.

Following that, the House of Representatives issued a resolution approving this draft, which was also approved by the Senate. Thus, the matter was submitted to the Senate Military Affairs Subcommittee, which is chaired by Gen Soem Na Nakhon. Members of this subcommittee include Gen Athit Kamlangek, the supreme commander and RTA CINC, Gen Somsak Panchamanon (retired), Gen Prayut Charumani (retired), Gen Pathom Soemsin, the chief of staff officers, Gen Pin Thammasi (retired), Gen Phin Kasen, Admiral Praphat Chanthawirat (retired), Admiral Sophon Suyansetthakon (retired), Air Chief Marshal Praphan Thupatemi, the RTAF CINC, Air Chief Marshal Chakon Thattanon, the deputy RTAF CINC, Lt Gen Phisit Mobut, the commanding general of the 2nd Army Area, Lt Gen Thiep Kromsuriyasak, the commanding general of the 3rd Army Area, Air Vice Marshal Thonawi Maharakkhaka (retired), Vice Admiral Siri Sirirangsi, the deputy chief of staff of the navy, Lt Gen Akkhaphon Somrup, the assistant army chief of staff for personnel, Air Vice Marshal Woranat Aphichari, the assistant

air force chief of staff for operations, and Maj Gen Isaraphong Nunphakdi, the commander of the 1st Royal Guards Infantry Division. The secretary of the subcommittee is Lt Gen Wanchai Ruangtrakun, the assistant army chief of staff for operations.

During the discussion by the subcommittee, no one wanted to make any revisions. The only thing was that Air Chief Marshal Phanieng Kantarat, the deputy minister of defense, and Mr Chawalit Rungsaeng, an MP, wanted to change some of the articles. But after the subcommittee explained things to them, they were satisfied. Thus, when the draft was submitted to the Senate again, it was approved by the Senate. Thus, the Defense Council Draft Act was approved by the third general session of parliament.

"I am the one who drafted and submitted this act. This was approved by the Democrat Party. The subcommittee revised this draft act during the first two general sessions of parliament. It was given final approval at the third session," said Lt Col Sanan Khachaonprasat to LAK THAI. He added that there are no more problems. It can be issued as a royal decree and passed into law. At present, all branches of the military want this to be passed into law since this will make things more fair.

Important Elements of the Act

One important element of this law is Article 6. The minister of defense is the head of the civil servants and is responsible for the bureaucratic activities of the military. The deputy minister of defense is his assistant and can carry out tasks in place of the minister. In giving orders and carrying out his duties, the deputy minister of defense must act in accord with the orders of the minister of defense.

In cases in which the position of minister of defense is vacant or the minister is unable to perform his duties, the deputy minister of defense will serve as acting minister. If there are several deputy ministers of defense, the cabinet will appoint one of them to serve as acting minister.

In cases in which the positions of minister and deputy minister of defense are vacant or in which neither the minister nor deputy minister is able to perform his duties, the under secretary of defense has the authority to issue orders and carry on things in place of the minister of defense.

As for the power to issue orders, grant permission, carry out bureaucratic tasks and perform duties, which the minister of defense must do based on the laws, regulations, orders or resolutions of the Defense Council or cabinet, the minister of defense may delegate power, in writing, to the deputy minister of defense, the under secretary of defense, the supreme commander, the RTA CINC, the RTN CINC or the RTAF CINC to have them act on his behalf.

Article 20: In the Defense Council, the minister of defense is to serve as the president; the deputy minister of defense is to be the vice president. The minister will appoint people who hold positions in the Ministry of Defense to serve as secretary and deputy secretary.

In cases in which there are more than one deputy minister of defense, the minister will appoint a first vice president, a second vice president and a third vice president.

Article 21: In carrying out things concerning the following, the minister of defense must do things based on the resolutions of the Defense Council:

- (1) The general military policies.
- (2) The policies on mobilizing manpower to help the military.
- (3) The administrative and command policies within the Ministry of Defense.
- (4) Military budget deliberations and the allotment of funds of the Ministry of Defense.
- (5) Deliberations on draft laws that concern the military.
- (6) Topics stipulated by the minister of defense.

Article 22: Defense Council meetings will be held on the order of the Defense Council president or when at least one-third of the council members call for a meeting. To form a quorum, at least one-half of the council members must be present at the meeting.

The president of the Defense Council will preside at the meetings. In cases in which the president of the council is not present, one of the vice presidents of the Defense Council will preside in his place in order of appointment based on Article 20. If neither the president nor a vice president is present, the senior member present based on Ministry of Defense regulations will chair the meeting.

Article 22 (2): The various government sectors in the Ministry of Defense must implement the resolutions of the Defense Council.

Article 23: With the approval of the Defense Council, the minister of defense has the authority to designate an area as a war zone and/or an internal zone.

Article 24: When it appears that there will be fighting or a war or when marshal law is imposed, with the approval of the Defense Council, the minister of defense has the authority to establish new sectors in the Ministry of Defense, appoint new officials and

stipulate the powers and duties of these sectors and officials as appropriate.

When the fighting or war has stopped or marshal law has been ended, with the approval of the Defense Council, the minister of defense will consider abolishing the sectors that were formed and removing the officials that were appointed based on this article.

"In the past, it didn't matter whether there was a meeting or whether the Defense Council approved some matter. It was like a rubber stamp. That is, it did as it was told. But now, it must meet once a month. I think that this is a very fine act," said Lt Col Sanan. After it goes into effect, each branch of service will have to obey this act. Otherwise, they will be in violation of the law. As for the military reshuffle, he did not state clearly whether this will have to be taken up by the Defense Council. That depends on a Defense Council resolution.

It is almost time for the annual military reshuffle. Let's watch and see how much power the Defense Council has. Or will it be just another rubber stamp? Because in the past, it was the commanders-in-chief of the three branches of service who had the greatest power.

Lt Col Sanan Khachonprasat, a Democrat MP From Phichit Province

When people discussed joining together to pass this draft act, some asked that a few minor changes be made. Senators asked that Article 21, that is, the section concerning the minister of defense appointing three members of the Defense Council, be revised. MPs asked that these be commissioned officers. But senators wanted them to be general officers. We agreed. Another matter was that the senators asked that a representative from each branch of service be present at a meeting to have a quorum. But we would not agree to this. Because if one branch of service was unhappy about something and failed to send a representative to the meeting, the meeting could not be held. On this matter, the senators backed down.

The Defense Council has 25 members, including 19 regular government officials, 3 politicians and 3 retired generals who have been appointed. From now on, all matters will have to be sent to the Defense Council, including imposing marshal law and declaring an emergency. As for whether transfers will be taken up by the Defense Council, that depends on the policy. There may be an exception. But I think that this will please politicians. Because anyone can serve as the minister of defense. He will just implement policies. The details will be stipulated by others. This will reduce conflicts since decisions will be made by the Defense Council.

This change is being made in the interests of democracy. This will benefit both sides. The military will be united. Orders can no longer be signed using "force." Everything must be approved by the Defense

Council. For example, the RTA CINC or commander-in-chief of one of the other services cannot force him to sign an order. Even if he did sign, it would be an illegal order since it was not passed by the Defense Council.

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CSO: 4207/280

THAILAND

LAO BORDER, MEKONG SANDBARS CAUSE SECOND ARMY CONCERN

Bangkok LAK THAI in Thai 8 Aug 85 p 7

[Article: "Laos Only 4 Meters From Thailand"]

[Text] The 2nd Army Area is discussing a security matter that concerns Laos. During the dry season in 1984, sandbars appeared in the Mekong River. In the Mekong River near Nakhon Phanom City is a sandbar, named Don Pla Daek, that is 2 km wide and 4 km long. It definitely belongs to the Lao People's Democratic Republic. Just east of Don Pla Daek is the deep-water channel of the river. Another sandbar approximately 300 meters long has appeared to the northeast of Don Pla Daek. During the dry season, this sandbar is clearly linked to Don Pla Daek. And it runs to the Thai side of the river. The end of the sandbar is only about 4 meters from the Thai bank. The treaty made with France states that all the islets in the Mekong River and all those formed in the future belong to France. Thus, Laos can claim that the new sandbar that is connected to Don Pla Daek belongs to it. This means that Lao territory almost touches Thai territory. Fortunately, this sandbar is submerged during the rainy season. It appears only during the dry season. The 2nd Army Area thinks that this new sandbar has come into existence because the northern end of Don Pla Daek, which is pounded by the water when the river is full, is composed of thick grass and reeds. The sand that is carried there is blocked. Thus, it has gradually built up to form another sandbar. There is only one way to eliminate the dam that is blocking the sand at Don Pla Daek. When this is eliminated, the water will wash the sand away. But there are fears that this will become a major issue and that there will be a fight over Don Pla Daek.

11943
CSO: 4207/283

THAILAND

CARTOON ON HIROSHIMA ANNIVERSARY

Bangkok LAK THAI in Thai 15 Aug 85 p 10

[Cartoon]



[Text] Key:

1. 6 August, the day that an atomic bomb was dropped on Japan. The people of the world celebrate this as a day of peace, but the Japanese cry, remembering the act committed by the Americans. They will never forget.

2. War

11943

CSO: 4207/283

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

DK SKIRMISHING WITH ALLIES, SAMPHAN LETTER TO SIHANOUK

Bangkok BANGKOK POST in English 30 Jul 85 p 3

[Article by Jacques Bekaert]

[Text]

INCIDENTS between elements of the National Army of Democratic Kampuchea (the Khmer Rouge) and their nationalist allies are nothing new. But according to a recent report sent by Prince Norodom Ranariddh to his father, Prince Sihanouk, the clashes which occurred between February and June this year were the most serious so far.

On February 16 an ANS unit was attacked by Khmer Rouge soldiers from the Prey Man base. The incident took place in Phlaur Kat, south of Kraleng, in Siem Reap province. The NADK left with eight AK-47 rifles belonging to the nationalists.

Far more serious was a skirmish on May 16th when elements from NADK regiments 51/52 under commanders Pheap and Kap are said to have killed 8 ANS soldiers, and captured 30 others. Like most other incidents it took place in Siem Reap province. Two days later, on May 18 the same NADK regiments destroyed one of the ANS forward bases called Nokor Pheas. The Khmer Rouge walked away with 63 AK-47's, three B40s, six RPGs and several other pieces of equipment.

Heavy fighting took place on May 30, June 2, 4 and 8. The most serious incident occurred on June 4 when NADK troops from regiments 51/52, 91/92 and 808 killed 13 ANS soldiers as well as a few villagers sympathetic to the ANS.

As early as August and September 1983 both the ANS and the Khmer People's National Liberation Front (KPNLF) were privately complaining about their problems with the NADK. During the General Assembly of the United Nations several countries in ASEAN as well as in the West complained about such incidents to repre-

sentatives from China. It was believed that Peking, being the only supplier of weapons for the NADK should have some leverage, and could put pressure on the Khmer Rouge to make them behave.

A year later, on July 15, 1984, Prince Sihanouk sent a letter to Democratic Kampuchea Vice-President Khieu Samphan. The prince threatened to resign from the coalition after being told that some of his soldiers had been killed by the Khmer Rouge. The incident, which according to news agencies left eight ANS soldiers dead and 16 missing, took place in Siem Reap province on July 5. Later the NADK returned some of the weapons and men it had taken prisoner.

A few weeks ago Prince Ranariddh brought the matter of the recent incidents to the attention of Son Sen, who represents the Party of Democratic Kampuchea at the military commission of the Coalition Government.

His answer was that since the NADK and the ANS were allied, such incidents could not have been committed by his men. And he blamed it, once again, on "Vietnamese agents". Still an investigation was promised. But a month later the investigation "was still going on" and Prince Ranariddh decided to send a full report to his father.

Several weeks ago, General Toan Chay, the ANS chief of operations, told us that recent incidents with the Khmer Rouge mostly involved troops commanded by Ta Mok. Their base is located east of the Sihanoukist's positions and they operate in Odder Meanchey and Siem Reap provinces.

Ta Mok is one of the most famous and probably one of the most feared of the Khmer Rouge leaders. He was born in Takeo province, probably in 1928 and

became a communist militant at an early age. He is also known as Chhit Choeun and some commentators identify him as Nguong Kang, once a deputy secretary of the Communist Party of Kampuchea. A member of the Issarak Front in the late forties and early fifties, Ta Mok became well known for his cruelty.

In the early seventies he was one of the leading figures in the Southwestern zone and along with Thuch Rin, played a key role in the elimination of the "moderate communists" and the pro-Sihanouk elements. "Mok had the power but he did not have much understanding of politics" local cadres later told Ben Kiernan, author of the book "How Pol Pot came to power".

Ta Mok is considered to be one of the men close to Pol Pot. His actions between 1973 and 1978 certainly contributed greatly to the enforcement of the full power of Pol Pot over the Kampuchean Communist Party. Since December 1979 Ta Mok has been deputy

president of the Supreme Commission of the NADK, directly under Pol Pot.

In late 1983 several reports claimed Ta Mok had been wounded and had lost a leg but details of the incident were contradictory. Some source said he had been hit by his own men, others claimed he had stepped on a mine.

According to Toan Chay several members or close friend of Ta Mok have high ranking positions among the troops under his command.

Local Sihanoukist commanders told us that cooperation with other Khmer Rouge units were correct and that in various cases, the ANS even received some assistance from NADK soldiers. In the past several soldiers attached to the Ta Mok division have tried to join the ANS but transfers are strongly discouraged to avoid further problems between the resistance partners.

CSO: 4200/1509

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

DEFECTIONS FROM DK, PARTY UNITY SEEN

Bangkok BANGKOK POST in English 8 Aug 85 p 4

[Article by Jacques Bekaert]

[Text]

LAST year several senior members of the Party of Democratic Kampuchea left the organisation. Two of the Thioun brothers, Mumm and Thioun, and Mr Keat Chuon were among the most prominent of that small but important informal group.

There was a lot of speculations at the time. Was this movement a prelude to the birth of a new party, still "progressive" but not communist in thought and actions? Was it a subtle manoeuvre by the Party of Democratic Kampuchea to attract new people while presenting a new facade? Were those people defectors or "secret agents"?

A year later, the answer seems pretty clear. The above personalities have indeed left the party — for a mixture of personal, ideological and practical reasons. They are brilliant intellectuals, and somebody like Thioun Mumm from the early Fifties has played an important role in the communist movement. They left in disappointment. Their feeling was that little had been learned from the dreadful experience of the Seventies, that the party still was not really interested in using people for their capacities, that ideological rigidity was more important than any quality one may possess. They left but at the same time remained firm in their opposition to the Vietnamese presence in Kampuchea. As long as the struggle goes on, they will not publicly attack the Khmer Rouge.

Does it mean that the party, with the "dissidents" now gone, is fully unified? Very few outsiders have a precise idea of the internal situation of the Party of Democratic Kampuchea. Documents released by the

party itself of course don't concede anything. Some Western observers claim that besides the radical faction which is dominated by people like Pol Pot, Ta Mok or Ieng Sary, more moderate or pragmatic elements do exist. They could be represented by someone like Son Sen, at present a member of the defence committee of the Coalition Government (and believed by some to have been saved from a fatal purge by the arrival of the Vietnamese troops in December 1978). In the same category could be Khieu Samphan.

The people who escaped from the Khmer Rouge camp of Klong Wah in October 1984 (see the previous article, "Would you buy a used car from Pol Pot?" August 2), when interrogated by independent observers, all claimed that not only was Pol Pot the most important of the Khmer Rouge leaders but he was also not interested in the Coalition Government. Said one: "The CGDK is something between Khieu Samphan, Son Sann and Sihanouk. The other Khmer Rouge leaders have nothing to do with it."

On July 14 of this year, the Party of Democratic Kampuchea issued a statement regarding its position concerning a number of "important issues." Compared to previous documents from the same source, it was fairly moderate. It did not reject "any talks with Vietnam." It proclaimed that "in the future we will consider Somdej Norodom Sihanouk as president of Democratic Kampuchea." As for the future Kampuchea, it would have a "liberal capitalist regime economically and a parliamentary regime politically." It recognised the

need for "the great national union." The future independent, peaceful, neutral and non-aligned Kampuchea would "not ask for reparations" from Vietnam and would "welcome other Cambodians, including Heng Samrin and his groups... as long as they stop serving the Vietnamese aggressors." The statement also implied that "through elections the party may or may not participate in the responsibility of the national government."

It sounds like another major step away from the old ultra-radical politics of the Seventies. Reactions to the documents have generally been full of scepticism, however. It is hard to gain respectability and credibility when you are the Khmer Rouge; even more so because practically at the same time that the statement was released, it was also made public that, once again, elements of the National Army of Democratic Kampuchea had been involved in a series of bloody incidents in which 38 Sihanoukist soldiers died. The KPNLF for its part has been keeping quiet, but reliable sources claim the other nationalist group has suffered from similar incidents.

No one but the Khmer Rouge themselves can put an end to such behaviour. China may have some leverage but the DK is probably more independent than most people believe. Still, firm pressures from Peking, the only provider of weapons, have a better chance of being heard than any other protest. The pattern of those incidents (they have happened before, in 1983 and 1984) indicates something about the frame of mind of whoever is responsible. It is aimed at preventing nationalist forces from extending their influence inside the country.

However, what is not clear is who in the National Army of Democratic Kampuchea is in fact responsible for such incidents. A faction not fully controlled by the leaders but on the contrary one which represents the general untold policy of the party?

Testimonies from the villagers of Klong Wah provided more than a glimpse of life under the DK today: it is crude, it is disciplined and it is entirely geared towards the war effort. Not very attractive but, given the general circumstances, no worse than under other authoritarian regimes in similar conditions. Personal freedom is severely restricted and, according to the people interviewed at the time, "most Khmer Rouge are tired of being Khmer Rouge."

On the other hand, a former member of regiment 903 who left Klong Wah with the others, when interrogated by Stephen Heder, declared: "The NADK is doing very well among the people in the interior because its politics is very good. It doesn't mistreat the people in any way, and it emphasises that there is no more party and no more socialism. It never kills or even raises its voice with the people. And so now the people really seem to trust it." The former DK soldiers indicated that his units was recruiting new troops inside Kampuchea.

What the soldier, Toek Phat, said appeared to be in contradiction to other testimonies and the behaviour of other Khmer Rouge units towards their allies of the Coalition Government. It could simply mean that inside the NADK and the Party of Democratic Kampuchea there is more than one faith, one practice, one goal.

CSO: 4200/1509

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

INTRAMURAL FRICTION, BANDITRY HURTS COALITION: COLUMNIST

Bangkok BANGKOK POST in English 16 Aug 85 p 4

[Article by Jacques Bekaert]

[Excerpts]

A WAR is going on in Kampuchea. The fact is recognised by all sides. General Le Duc Anh, the Vietnamese deputy minister of defence and commander of the "volunteer" troops says so; Mr Bou Thong, the minister of defence of the People's Republic of Kampuchea says so; and the Party of Democratic Kampuchea claims new battles and fresh victories almost every day. The nationalists, the Khmer People's National Liberation Front and the National Sihanoukist Army, while a bit more modest and discreet, are now fighting away from the border. The war in Kampuchea will soon be entering its seventh year.

But a few other wars are being waged in and around Kampuchea as well — wars between Vietnamese and Khmers, wars between allies and wars between foes. And at this point there is only one certainty: who the victims are. They are the people of Kampuchea, the rank and file, the anonymous Khmers whose main ambition and hope is for a peaceful and free life.

According to PRK sources, problems between Khmer soldiers of the "Heng Samrin army" and the People's Army of Vietnam (PAVN) have existed from the very beginning when Hanoi, in 1978, was recruiting a new armed forces among the 150,000 or so Khmer refugees in Vietnam.

On the coalition's side things are not any better. Nobody trust the Khmer Rouge. They in turn are apparently convinced that their nationalist allies are hardly any more than a bunch of smugglers. When both the KPNLF and the ANS start

to make some progress inside the country, they find their friends from the Party of Democratic Kampuchea on the way and both nationalist groups have suffered casualties as a result.

While mistrust towards the Khmer Rouge is in many ways understandable given their previous record, fighting between the nationalist groups can only benefit those very people they claim to fight against — Vietnam and the PRK.

Fortunately for those involved, it is mostly a war of words that goes on between some members of the KPNLF and the Funcinpec-ANS. In many cases, the dispute can find its roots in long past events, dating from the time of the Kingdom of Cambodia or the short-lived Khmer Republic. Elements from the KPNLF, especially those living far away from the battlefield, seem to spend a lot of time denouncing what they call the "corrupt" Khmers. It is apparently a kind of code name that applies essentially to the Sihanoukists.

A most recent communique emanating from the secretariat of Prince Sihanouk, and signed by the "chief of secretariat" Ms Kethy Farras, counter-attacked. She denounced the human rights' violation, "well known to the entire world," that occurred in KPNLF controlled zones. She mentioned the "black markets of many types that blossom in numerous KPNLF camps." Of course, everybody knows that the "central region," north of Aranyaprathet has its full share of black marketing and smuggling activities. But this situation has a lot less to do with the KPNLF

than with a very simple motive — money. It is an old game and everybody takes a share of it. Even the Khmer Rouge — ideology aside — did at one time controlled a bustling market near Phnom Chat.

Many Khmers who came to the central region did so because they knew it was the place to trade and make some profit. It is easy to blame such activities when you are far way from the scene, when you know when your next meal will come. In the "early days" of the border relief operations poverty and struggle for life were the norm. Many of those involved in the black market, being Khmer, Thai or Vietnamese, did so for a mixture of reasons and purposes — material gain (which is nice and easy to scoff at when you have most of the necessities of life), desire to improve one's lot, chance to bring a little variety to a diet endlessly made of rice and tuna fish. And last but not least is that very deep basic human instinct — survival.

The main problem of intensive black market, at least when the resistance is involved, is that it strongly distracts from military duty and does not really encourage law and order. Even Mr Son Sann admitted recently in Paris that some of the KPNLF troops lacked discipline. It is indeed a major problem.

In her communique Ms Farras wrote: "The Funcinpec and the ANS fully respect the people and human rights." Well, well, it would be nice if such was the truth. But the Sihanoukist soldiers and commanders are no saints either. While international organisations admit that law and order is definitely better respected in a place like the ANS Site B than at the KPNLF controlled Site 2, abuses and violation of "human rights" do happen there too.

During a recent visit to Site B, Prince Ranariddh, while warmly welcomed by the population, had to face the strong complaints of a group of widows of soldiers who died in action at Tatum. They were entitled to compensation. They had not received anything because apparently some greedy women managed to convince the not-too-honest commanders that they could share a little financial benefit with the men rather than to give the money to those entitled to it.

Ms Farras's communique also claimed that weapons given by China to the KPNLF armed forces have been sold to the Vietnamese or the soldiers of Heng Samrin. I don't know if anyone from the ANS sold anything to Hanoi but they certainly sold a few to somebody...

If the two groups want to fight each other, they will indeed find plenty of mutual sins to denounce. They can throw communiqués at each other's throat for the rest of time. And they should not be too surprised if the PAVN and the PRK enjoy the show.

Prince Ranariddh certainly had the moral duty to protest loud and clear against the killing of some of his own men by the Khmer Rouge (his protest as well as the warning from his father did certainly produced a lot of reactions and maybe, who knows, the Party of Democratic Kampuchea may even take notice). Dr Gaffar's choice of words ("A family quarrel") was indeed unfortunate. But to pretend (as in Ms Farras' communique) that the "KPNLF, like the other anti-royalist Khmers" are probably very happy "as soon as a militant, and even more so when a Sihanoukist soldier dies" is at least as unfortunate. Dr Gaffar had been in trouble in the past with his own KPNLF for being too much in favour of cooperation between the two nationalist groups.

There is no doubt, for anyone realistic, that the main asset of the resistance is the presence of Norodom Sihanouk. Whether you like him or not, for the rest of the world he is the symbol of the Khmer nation. They know it in Washington, in Jakarta or in Hanoi. It is true that some of the KPNLF militants have lost any sense of proportion in their dislike of the prince (the dismal failure of the Khmer Republic should at least encourage them to some modesty). The Sihanoukist have their share of imperfections and corruptions although Prince Ranariddh has been trying hard to clean the mess. But if the nationalist resistance wants — as it claims — to bring peace and freedom, dignity and neutrality, to Kampuchea, one would think it would see the need and benefit of working together rather than against each other...

INDOCHINESE CONFERENCE HAILED IN CUBA, CSSR

OW200807 Hanoi VNA in English 0703 GMT 20 Aug 85

[Text] Hanoi VNA 20 Aug -- "We highly value the results of the recent conference of the Indochinese foreign ministers and consider them the great and comprehensive victories of the Indochinese people, which have reflected the steady development of the Kampuchean Revolution," said Cuban Foreign Minister Isidoro Malmierca in his August 16 meeting in Havana with Kampuchean, Vietnamese and Lao ambassadors.

He reaffirmed that the situation in Kampuchea is irreversible and becomes a factor for the steady advance of the Kampuchean revolution.

Minister Isidoro Malmierca, who is also a member of the Communist Party of Cuba Central Committee, went on:

"The proposals put forth by the 11th Conference of the Indochinese Foreign Ministers have demonstrated Kampuchea, Laos and Vietnam's willing to continue their efforts in striving for peace and stability in Southeast Asia. The Cuban Party, government and people reaffirm their full supports for this noble goal".

On August 19, Czechoslovak paper RUDE PRAVO ran an article, saying: "The Indochinese countries have proved again that their policies consistently pursue a line of peace and they take principled and active effort for Southeast Asia to become a zone of peace, friendship and cooperation".

Commenting on last week's meeting of the foreign ministers of Kampuchea, Vietnam and Laos in Phnom Penh, the paper noted that although ten years have passed since the end of the U.S. aggression in Southeast Asia, the situation in the region has not yet been normalized in a desirable way and peace and cooperation have not been established there. It is to the credit of the Indochinese countries that they are consistently and tirelessly striving for it, the paper wrote.

It noted that all the previous conference of Indochinese foreign ministers have been characterized by active attitude and constructive spirit. The same was true also this time when the results of the Phnom Penh meeting attracted the attention of the Asian and world public, RUDE PRAVO stressed.

PARTY ACTIVITIES AND GOVERNMENT

HO CHI MINH CITY RALLY MARKS AUGUST REVOLUTION

OW190849 Hanoi VNA in English 0830 GMT 19 Aug 85

[Text] Hanoi VNA 18 Aug -- A meeting was jointly held in Ho Chi Minh City yesterday by the Vietnam Fatherland Front Central Committee, the Vietnam AAPSO Committee, and the Party and People's Committees of the city to mark the 40th anniversary of the victory over Japanese fascism, (August 15).

Among those present at the meeting were Ms Nguyen Thi Binh, member of the Communist Party of Vietnam Central Committee and Vice President of the AAPSO; Prof Pham Khac Quang, member of the presidium of the fatherland front committee to Hoai; and senior Lieutenant General Hoang Minh Thao, vice presidents of the Vietnam AAPSO committee; Le Van Triet, vice chairman of the Ho Chi Minh city people's committee; and Nguyen Van Trong, deputy head of the CPV central committee's international department.

Foreign delegates to the freshly-concluded enlarged meeting of the AAPSO Presidium Committee on Asian Security and consul generals of foreign countries in Ho Chi Minh City were present.

In his speech, senior Lieutenant General Hoang Minh Thao brought out the great significance of the victory over Hitler fascism and Japanese militarism 40 years ago. He highlighted the Soviet Union's decisive role in the victorious fight against Japanese militarism and the great influence of the victory on the evolution of the world situation over the past four decades.

On behalf of the USSR AAPSO Committee and the Soviet committee in support of Vietnam, Laos and Kampuchea, [name indistinct] presidium member of the USSR AAPSO Committee, recalled the development of the war against Japanese fascism and the great contributions of the Soviet Union.

Dealing with the present world situation, he said: "The Soviet Union, the Socialist Republic of Vietnam and other socialist countries are determined to step up the struggle for world peace, against the arms race. The cooperation between the two parties and peoples is of great significance for the common fight for peace and security in Asia."

Other foreign delegates took turns in addressing the meeting. They hailed the heroic fight of the peoples of the Soviet Union, Vietnam and other countries against fascism 40 years ago and expressed their resolve to do all they can to check the arms race and maintain peace and security in the world.

PARTY ACTIVITIES AND GOVERNMENT

TRUONG CHINH ADDRESSES THANH HOA MEETING

OW200111 Hanoi Domestic Service in Vietnamese 1100 GMT 18 Aug 85

["Text" of address by Truong Chinh, member of the CPV Central Committee Political Bureau and Chairman of the SRV Council of State, at the 17 August 1985 meeting held in Thanh Hoa by the Provincial Party Committee, People's Committee, and VFF Chapter Committee to mark the 40th anniversary of Vietnam's August Revolution and National Day and to receive the Gold Star Order conferred by the state--read by announcer]

[Text] Members of the Presidium, distinguished guests, and dear comrades and compatriots:

Today we are elatedly celebrating the 40th anniversary of the August Revolution and National Day, 2 September, the birthday of the Democratic Republic of Vietnam, the first worker-peasant state in Southeast Asia, the day ushering in the era of independence and freedom of our fatherland and marking a turning point in our nation's extremely glorious history.

In celebrating this grand jubilant day, our people will forever remember the meritorious works of the glorious CPV and of boundlessly beloved and respected Uncle Ho, who led our entire people and Army in overcoming untold sacrifices and hardships to achieve a glorious victory. Our people will also forever remember the meritorious works of our fallen heroes, combatants, and compatriots, who valiantly struggled for a peaceful, independent, and unified socialist Vietnam.

On the occasion of the celebration of this grand historic day, our Council of State has decided to award the Gold Star Order to the people, cadres, and combatants of Thanh Hoa Province for scoring many great achievements during the past 40 years of revolutionary struggle to build and protect our socialist fatherland and for making worthy contributions to the glorious revolutionary undertaking of our entire people.

On behalf of the Party Central Committee, the National Assembly, the Council of State, and the Council of Ministers, I gladly confer on the people, cadres, and combatants of Thanh Hoa Province this Gold Star Order, the noblest award of our state.

May I affectionately convey to the compatriots of various nationalities, cadres, combatants, workers, government employees, comrade revolutionary veterans, comrade retirees, families in good standing with the revolution, families of dead heroes, comrade war invalids, elders, youths, teenagers, and children in the entire province my thoughtful regards and warmest congratulations.

Dear comrades and compatriots: Our entire party and people are currently enthusiastically working to implement the 1985 state plan with the aim of achieving the objectives set forth by the Fifth Party Congress. First of all, we must implement the Eighth Party Plenum's resolution on abolishing bureaucratism and subsidization and completely shifting to the socialist economic accounting and business system to vigorously develop the collective mastery of the laboring people and the spirit of initiative and creativity of all echelons, sectors, and production and trade installations; to stimulate production development; to stabilize the socioeconomic situation; to make accumulations for socialist industrialization; and to worthily contribute to national defense.

I am firmly convinced that the party organization, people, and Armed Forces of Thanh Hoa Province, together with the people and Armed Forces nationwide, under the leadership of the party Central Committee headed by Comrade General Secretary Le Duan, will continue to develop the glorious revolutionary tradition, unite closely, hold fast to the party's line and policies, exploit all the province's potential and strength, develop culture and economy, further strengthen national defense and security, and turn Thanh Hoa into an increasingly prosperous and model province as Uncle Ho desired.

With their own efforts and the wholehearted assistance of the Soviet Union and other fraternal countries, the party organization and people of Thanh Hoa Province will surely achieve beloved and respected Uncle Ho's desire.

I wish you comrades and compatriots good health, happiness, and even greater success in building socialism and in firmly protecting the socialist Vietnamese fatherland.

CSO: 4209/591

JPRS-SEA-85-146
25 September 1985

TRUONG CHINH ATTENDS THANH HOA RALLY, PARADE

BK200514 Hanoi Domestic Service in Vietnamese 0500 GMT 19 Aug 85

[Text] About 100,000 people participated in a meeting and a parade held at the Lam Son Square in Thanh Hoa City on the morning of 18 August to celebrate the 40th anniversary of the August Revolution and the 2 September National Day.

Comrade Truong Chinh, member of the party Central Committee Political Bureau and chairman of the Council of State, attended. Also present were delegates from various sectors at the central level and from a number of provinces, cities, and military regions; a delegation from the LPDR province of Houa Phan--a province having established sworn brotherhood with Thanh Hoa Province--headed by Comrade Latsami, deputy secretary of the provincial party committee; and a delegation of Soviet experts now working in Thanh Hoa headed by Comrade (Nederozilet).

Comrade Ha Van Ban, deputy secretary of the provincial party committee and chairman of the provincial people's committee delivered a speech, calling on the army and people in the province to generate a new revolutionary momentum in the fields of building the economy, strengthening the national security and defense, and organizing the social life, and especially in carrying out successfully the resolution of the party Central Committee's Eighth Plenum.

After that, in the imposing tune of military music, a parade of mass organizations began. This parade was led by many units representing the Thanh Hoa armed forces and was joined by the main forces, the local forces, and those militia units which once shot down many U.S. aircraft and were awarded the hero title such as the all-elder militia unit of Hoang Truong in Hoang Hoa District, the all-woman militia unit of Hoa Loc in Hau Loc District, the Nam Ngan militia unit of Thanh Hoa City, and the 94th Quang Xuong Company in Thanh Thuy of Tinh Gia District.

Over 10,000 teenagers and children--who are Uncle Ho's good nephews and nieces and who carried brightly colorful flags, banners, and helium-filled balloons--led the formation of the forces of the people of various nationalities in the province.

Twenty delegations representing various sectors--economic, cultural, educational, communications, postal, distribution, circulation, public health, mother and child care, physical education, and sports--and many professional entertainment groups in the province carried modules and charts depicting the rapid growth of each sector over the past 40 years and its plan of activities to be carried out in the period ahead.

Twenty-three delegations from various districts and the city carrying pictures and products symbolizing the socioeconomic development of each district and reflecting the strengths of the three economic regions--mountain, lowland, and coastal--in the province marched past the reviewing stand, showing their determination to implement successfully the resolution of the party Central Committee's Eighth Plenum and achieving other goals of the province for 1985.

CSO: 4209/591

HAIPHONG CARRIES OUT NEW DOMESTIC TRADE POLICY

Hanoi NHAN DAN in Vietnamese 27 Jul 85 pp 1, 4

[Article by Minh Son: "Toward Eradicating 'Flat-Allocation' Bureaucratic Centralism, Resolutely Switching to Economic Accounting, Socialist Business--Haiphong's Experience in Trade--Excruciating, Complex Struggle, Paving the Way for New System; More than 300 Sales Outlets Open; Goods in Sufficient Quantities But Could Not Sell; Why? How to Remedy? We Must Improve Business Management Even More, Making It Truly Dynamic, Effective, Civilized, Courteous; Satisfactory Procedures, Policies for Salespeople Needed"]

[Text] Implementing Resolution 8, since 1 July 1985, Haiphong has paid wages fully in cash and sold goods at a single set of commercial business prices, close to those of the free market. This has strongly stimulated the municipal socialist trade sector to change its ways of buying and selling, especially at retail, its business views and formulas, and its perceptions and customer relations. This is a great effort and an extremely excruciating, difficult and complex struggle of the ranks of cadres, workers and civil servants in the trade sector as they shift to the new system.

Yesterday, 26 July, the standing committee of the Haiphong VCP municipal committee met with key sector cadres from the distribution and circulation network to review past activities and evaluate the local market situation nearly one month after the city began paying wages fully in cash and retailing at a single set of prices.

One of the important issues discussed involved experiences of state trade and marketing cooperatives in buying and selling goods.

Taking steps toward setting up the new system in accordance with Resolution 8, the trade sector and marketing cooperatives made a big effort in early July to control goods and money, improve business management, contribute to keeping the market and prices free from major fluctuations, and stabilize the living standards of cadres, workers, civil servants and the armed forces. However a new reality has emerged: state commerce sold fewer goods and collected less cash, compared with the previous month's same period. Sales were sluggish at quite a few stores carrying plenty of goods in stock and on shelves. In some places, even very essential commodities such as rice and foods could not sell, creating capital stagnancy. This was prompted by the fact that the advent

of the new system has eliminated false needs and led to a great change in consumer needs. But as far as state trade and marketing cooperatives are concerned, the following reasons can be cited:

First, cadres and personnel of the trade-tourism sector and marketing cooperatives are still confused, ill-prepared to keep pace with the new system. The practice, widespread in the trade sector, of nonchalantly waiting for superior echelons to send them goods for sale and selling only what they have on hand, no longer is suitable.

Second, many stores still are located deep in street alleys and at very discreet addresses. During the heyday of the flat-allocation system, consumers were compelled to go into alleys to find these stores and buy from them at all costs so as to avoid financial losses. Currently, with the eradication of the flat-allocation system the laborers, in full control of their income, are shopping with calculated care, buying only what they need, buying little if they need little, and refraining from buying what they do not need; even when they want to buy grain, consumers are reluctant to go to stores inconveniently located in narrow alleys.

Third, many goods are at variance with consumer tastes and are of low quality, and old-fashioned sale methods have not changed. Formerly, people using ration stamps and coupons to buy pork were forced to go to a state store, even if the latter's reputation was soiled by dubious slaughtering methods and low quality meat. Now, on the contrary, buyers are free to pick fine and fresh cuts and refuse the ones for which they have no taste. Some stores, which in the past sold entire quotas of pork ribs, hearts, livers and feet to private merchants, must now offer these pieces for sale in order to attract additional customers. Formerly, salesclerks paid no attention to commodity display, salesroom decoration and salesmanship; worse still, they even left some consumer items on dirty floors. Now, this cannot stimulate sales.

Fourth, it is equally hard to sell goods when salesclerks display arrogance and bad manners, eating, drinking, reading novels and knitting during working hours, and failing to greet and invite customers.

Fifth, it seems that state stores have not taken steps to give bonuses to volume salesclerks.

The trade-tourism sector and marketing cooperatives have redressed many of the above shortcomings and have revamped their relations with customers. Cadres and personnel in the sector have drawn and carefully learned from experiences, using them as guidance to rearrange corporations and stores, and put in order the ranks of cadres, party members and salesclerks. A dozen corporation cadres and personnel have received severe punishment, ranging from warning to termination. Their major flaws included attempts to violate procedures and principles, loosely observing directives on switching to the new system, repeatedly bothering customers, accepting bribe money from them in exchange for delivery of quality merchandise and delay in submitting ration stamps and coupons collected, thus creating difficulties for organs in charge of control and redemption.

The trade-tourism sector and marketing cooperatives have opened an additional 312 sales outlets (12 for state trade and 300 for marketing cooperatives), raising the total number of municipal stores to 333 outlets run by state commerce and 1,353 run by the municipal federation of marketing cooperatives. Nearly all outlets formerly located deep in street alleys have now moved out closer to thoroughfares, offering easy access to customers. While organizing new stores and outlets, officials paid attention to decorating salesrooms and displaying merchandise in an attractive manner, along with a price list. In addition to fixed counters in the city, state trade in cooperation with the municipal federation of marketing cooperatives has used existing vehicles to bring consumer handicraft items to hamlets and villages in An Hai and Kien An districts. The marketing cooperatives have averaged 500,000 dong per day in sales. The corporation of handicraft products, agricultural food products and general merchandise in the trade-tourism service has held itinerant sales in Do Son, Thuy Nguyen and An Hai districts, averaging hundreds of thousands of dong per day. The introduction of merchandise into organs and factories for sale is being done with proper results. The auditorium of the trade-tourism service is being used to sell refreshments during evening hours, collecting a great deal of cash. Nearly all stores have changed their approach to customers, opening without interruption from 6:00 A.M. through 8:00 P.M. Some stores have applied civilized salesmanship, greeting and inviting customers, and acquainting them with commodity brands, quality and prices. Others have smartly wrapped customer purchases.

The Haiphong trade-tourism sector has begun to give bonuses to itinerant salespeople. Those going to distant places, selling more goods and serving more customers are expected to earn more than those at fixed urban counters. For instance, itinerant salesclerks going to Vinh Bao and Tien Lang districts receive a bonus equal to 1 percent of sales. In An Hai, Kien An, Do Son and Thuy Nguyen districts, closer to the city, the bonus is 0.6 percent while in the city it amounts to 0.4 percent. This system encourages salesclerks to enthusiastically go to distant places and sell more merchandise, and enables contract itinerant salesclerks to sell more and earn more than their non-itinerant counterparts.

The standing committee of the Haiphong VCP municipal committee has pointed out a number of weaknesses of the trade sector and marketing cooperatives--low dynamism and failure to keep pace with fluctuations in the municipal marketplace. Some laggard stores and personnel have been slow in revamping their purchasing methods in the countryside and from production installations, missing at places and times the goals of accelerating production growth on a rational basis, and exploiting all capabilities and potentialities of sectors and professions and of existing material and technical bases in order to achieve production development with high output, quality, and efficiency. The standing committee of the Haiphong VCP municipal committee has taken steps to enable the trade-tourism sector and marketing cooperatives to promptly make structural changes, control merchandise and money--and right now, control and administer as much as possible the flow of goods in the city--accelerate sales, prevent capital stagnancy, raise profitability, and properly serve the livelihood of the laboring people, especially wage earners.

ECONOMIC PLANNING, TRADE AND FINANCE

RATIONAL PRICES-WAGES-MONEY SYSTEM ADVOCATED

Hanoi NHAN DAN in Vietnamese 21 Jun 85 pp 1, 4

[Editorial: "Resolutely Abolish Complicated Bureaucracy, Completely Shift to Economic Accounting and Socialist Business"]

[Text] The Eighth Plenum of the Party Central Committee (Fifth Session) discussed the extremely important problem of prices, wages and money and won a brilliant success.

The plenum reviewed the economic, financial and social situation of our country ever since the liberation of the south, the reunification of our nation and its advance to socialism. In pursuance of the resolutions of the Fourth and Fifth Party Congresses and those of the Party Central Committee, our country's economy has made great achievements, especially in agricultural production. Many major socialist projects have been and are being put into use. Progress has been made in socialist transformation, market management and socialist commercial expansion. The state has controlled merchandise and currency better. After the Sixth Plenum of the Party Central Committee (Fourth Session), the party and state promulgated some policies on production, distribution and circulation; some active and creative installations and localities have boldly applied new working methods aimed at removing obstacles in production and business, promoting the development of production, intensifying the purchase of goods and control over their sources, gradually improving the national financial situation and solving some urgent problems relating to prices and wages. However, distribution and circulation are still basically restricted by the fact that the solution of the prices-wages-money problem is still based on the maintenance of the bureaucratic centralism-state subsidy management mechanism.

In the areas of production and business, we have continued to exercise guidance in a centralized bureaucratic manner and to carry out merchandise delivery, production and business at all costs so that the state either reaps all profits or sustains all losses. In the field of distribution, we have continued to maintain the system of supplying goods in kind at dirt-cheap prices; the scope of supply becomes widespread, wages no longer have any stimulative effect on labor performance, the level of subsidy becomes huge, mediocrity develops and the principle of distribution according to labor and, above all, the laborer's right to collective ownership is seriously infringed. During 30 years of continuous war, this all-inclusive supply system was necessary and thus became

a habit, a way of thinking and living and a socioeconomic management method but has led to many negative consequences which must now be overcome quickly.

The Eighth Plenum of the Party Central Committee (Fifth Session) unanimously stressed the need to firmly abolish complicated bureaucratic centralism and to correctly implement the democratic centralist system and the economic accounting and socialist business methods. At present, doing away with bureaucratic centralism and subsidies in matters of prices and wages is a pressing requirement as well as a decisive breakthrough conducive to complete shift to the socialist accounting and business system based on planning and hence to a new development momentum.

Prices must be determined by including all rational expenses in product manufacturing cost, by combining the actual value of a product with its use value and by assuring correct relationships among various economic interests in order to promote production, to elevate the sense of responsibility among laborers and production installations and to achieve high output, quality and effectiveness.

The wage system must ensure replenishment of the labor force, implement the principle of distribution according to labor, discontinue wage payments under the form of goods-in-kind and replace them by money.

Prices and wages are primarily problems related to production and closely associated with all production phases. To solve the prices-wages-money problem is merely to aim at promoting production development and stimulating production increase, quality improvement and greater effectiveness in order to produce more for society to meet the demands of production, construction, subsistence, security and national defense. Solving the prices-wages-money problems also aims at strengthening market management, mastering the market and enabling the state positively to take hold of the majority of goods and money put into circulation, to step up socialist transformation, to balance the budget and gradually to create capital accumulation within the national economy. The price-wage-money problem must be solved not in the old manner but according to the new method which conforms to the viewpoint and spirit of the Eighth Resolution and which consists of firmly abolishing bureaucratic centralism and state subsidies and completely shifting to the socialist accounting and business system.

The price-wage-money problem cannot be resolved in one fell swoop; its solution cannot be completed within a short period of time, nor is it an easy task. It is only the beginning of an extremely difficult and complex job.

The implementation of the Eighth Resolution on the solution of the price-wage-money problem through abolition of bureaucratic centralism and state subsidies and complete shift to socialist accounting and business methods requires that all the party, people and army and all sectors at all levels thoroughly understand the highly important viewpoints and guidelines contained in this resolution, that they display unanimity in will and action, that they change their economic concept and way of thinking and their production and business methods and that they have a revolutionary offensive spirit, a sense of organization and discipline and an urgent but steadfast working attitude. From now to the end of 1985, guiding the implementation of this resolution is the urgent central

task of all party, administration and mass organization leaders from the central to basic level.

The resolution of the Eighth Plenum of the Party Central Committee (Fifth Session) on prices, wages and money is theoretically and practically important and historically significant. It marks the mature step of our party in understanding objective laws and applying them to the actual situation; it is a recapitulation of the leadership and management experiences of our party and state; the creative activities of all localities and our people; it indicates a new stage in the socioeconomic leadership and management exercised by our party. This resolution will certainly create a high degree of unanimity, enthusiasm and confidence in our entire party, army and people and will strongly encourage the laboring people throughout our country to develop their right to collective ownership and lead to a revolutionary action movement.

Motivating party members and the masses to execute the resolution of the Eighth Plenum of the Party Central Committee (Fifth Session) is a realistic greeting for the 40th anniversary of the August Revolution and the National Day of 2 September, carrying out the missions indicated by the Fifth Party Congress and preparing for the Sixth National Party Congress.

9332

CSO: 4209/567

ECONOMIC PLANNING, TRADE AND FINANCE

MORE SALE OUTLETS FOR HO CHI MINH CITY

Hanoi NHAN DAN in Vietnamese 13 Jul 85 pp 1, 4

[Article: "Marketing Cooperative Sector in Ho Chi Minh City Opens Additional 1,100 Sales Outlets; Each Spot Serves 131 Households on Average; Vegetable and Fruit Corporation Purchases More Vegetables, Expands Retail Sales"]

[Text] The marketing cooperative sector in Ho Chi Minh City has added more than 1,100 sales outlets to its existing network, contributing to controlling the market and conveniently serving consumers. Currently, the entire sector has 4,479 outlets, each of which serve an average of 131 population households. The sector has also paid attention to purchasing and controlling goods. In the first 6 months of the year, it purchased 8.7 billion dong worth of goods, achieving 51.2 percent of the year's plan, and collected 6.3 billion at retail, achieving 50.4 percent of the plan, with such staple commodities as fresh fish, pork, soap, sugar and salt accounting for a great part.

To control food products on the "green belt," suburban marketing cooperatives have all striven to invest in production. Marketing cooperatives in Tan Binh, Thu Duc, Hoc Mon and Binh Chanh have sold millions of dong worth of supplies, nitrate fertilizer and animal feed to members in exchange for purchases of hundreds of tons of slaughtered hog, peanuts, sugarcane and shrimp. The association and joint business effort between urban wards and suburban cooperatives has led to diverse sources of goods and to mutual assistance in production, business and normalization of living conditions while helping socialist trade to control goods.

Along with state trade, the municipal sector of marketing cooperatives has also actively contributed to rearranging and transforming private trade, reorganizing commodity units, expanding various forms of cooperative business, utilizing skills, and raising to 747 the total number of sales outlets of the cooperative sector in the big markets--an increase of 196 outlets over the beginning of the year.

In addition to purchasing vegetables in Da Lat and some neighboring provinces, the vegetable and fruit corporation in Ho Chi Minh City has actively invested in vegetable production and purchased vegetables in four suburban districts. The corporation has signed contracts to buy the entire production of vegetables

of Cu Chi, Go Vap, Hoc Mon and Tan Binh Districts, amounting to 15,000 tons per year, in exchange for sales of various kinds of essential commodities to vegetable growers. The corporation has also purchased vegetables from individual growers and from intermediaries bringing produce from other localities to the city. At Cau Muoi Market, a point of concentration for out-of-town vegetables, the corporation has guided vegetable store owners to act as purchasing and selling agents for the state. Some of them, noted for proper compliance with state policies and for their skills, have been used by the corporation in vegetable selection, tubes and fruit sorting, and packaging activities.

In the first 5 months of the year, along with management boards of Tan Dinh and Thi Nghe markets and the Thanh Da collective housing complex, the corporation opened an additional number of vegetable outlets to serve agencies, schools and enterprises, on top of 200 fixed and itinerant spots.

The vegetable retail network of ward and district trade corporations, under control of the municipal sector of marketing cooperatives, has also expanded to conveniently serve consumers. Currently, the sector is concentrating on purchasing outside-of-plan vegetables in Da Lat and fruits in Dong Nai, Hau Giang and Tien Giang Provinces, pledging to bring to the city 60,000 tons of vegetables, tubes and fruits in 1985.

9213

CSO: 4209/608

ECONOMIC PLANNING, TRADE AND FINANCE

INCREASE IN MERCHANDISE QUALITY SOUGHT

Hanoi NHAN DAN in Vietnamese 10 Jul 85 pp 3, 4

[Article by Tran Manh Quan, General Department of Standards and Quality Measurements: "Product and Merchandise Quality--Products Registered To Receive State Quality Stamp Increase Two-fold Over Last Year, But Quality Management in General Is Still Lax; Many Essential Consumer Products Are of Unstable Quality; We Must Promptly Eliminate Bureaucratic System of Prices, Carry Out Economic Accounting and Include All Production Expenses in Manufacturing Cost; Product Quality Must Really Become Legal Norm"]

[Text] Product and merchandise quality is a requirement having a strategic significance in party and state economic policies, and also is a factor which consumers have on their minds when they refer to units in charge of production, distribution and circulation of goods.

In recent days, to stabilize the quality of key products and merchandise, many installations have striven to apply energetic economic, technical, ideological and organizational measures and have successfully overcome difficulties in supplies, raw materials, equipment and spare parts. The quality of some products has clearly improved over the past. The number of products registered for certification and receipt of the state quality stamp has increased two-fold from the previous year. These items include some brands of electric motors, the Ho Tay, Ba Dinh and Phong Ian ceiling fans, the Ba Vi table fans, the Hoa Sen standing fans, automatic transformers, ammeters, PVC plastic wires, communication wires, loudspeakers, power pliers, vises, pliers, wrenches, chiseling knives, heat-treated steel bars, tin sticks, aluminum pistons, piston pins, bicycles for export and some spare parts, printed fine cloth No 3922, belted fabric, satin, table cloth, knitwear, socks and gloves for export, canned pineapple, peanut oil, banana candies, orange preserves, dried bananas, glossy paints, alkyd paints, welding rods, Bata shoes, basketball shoes, fine flours, electric insulators, stencil paper, natural silk, frozen yellow shrimps, and so on.

It is worth noting that those installations eager to rejuvenate their handicraft methods and to search for replacement supplies and raw materials have been able to rapidly multiply and improve product quality, but also to rapidly multiply production while ensuring a close correlation between quantity and quality. However, aside from objective causes--the bureaucratic "flat-allocation system

which has had production, prices and wages under its thumb--numerous installations have loosened up quality control and condoned careless work and pursuit of financial gains regardless of consequences, leading to batches of low-quality products and merchandise and thus to great economic losses. State control over quality standards indicates that the quality of many essential consumer products is not stable, even mediocre in some cases; for example, the Thong Nhat bicycle frame for domestic use is prone to cracking. Of 1,270 bicycles inspected, 465 show cracks on frames. The Ba Dinh sewing machine factory must stop selling 87 machines due to lack of durability. Ceiling fans produced by four cooperative teams in Ho Chi Minh City are of very poor quality. Stators are made not of corrugated silicic sheets, but rather of black metal sheets, originating from old containers with rusted, punctured surfaces and broken corners; rotors are made of cast iron; wires are from different kinds, sizes and series, and outer shell structure and manufacturing quality do not ensure user safety. Exportability norms on some kinds of cloth are decreasing. The life of the R-20 dry-cell battery is inconsistent, with traces of copper corrosion. Bicycle inner tubes and tires produced by some southern provinces and being stored in Hanoi develop running, sticky and rusty surfaces, creased and folded belted cloth linings and ductility coefficient much below state standards. The quality of some brands of tea has diminished because of poor factory compliance with degrees of humidity, fermentation time and blending procedures, resulting in lack of homogeneousness, high percentages of stems and leave debris, astringent and sour tastes and mildewy growths on some tea shipments. Rice mills have made no notable progress in the hulling process; as a result, the percentage of paddy mixed with stone and sand particles and rice chaff is still high. Building material quality has improved slowly, especially bricks and tiles (low percentages for Category A and high percentages for Categories B and C and for discards). Coal shipped from mines to product installations is mixed with impurities, earth and stone, with low percentages of briquettes and gradual decline in quality through the process of transportation and storage in warehouses and on wharfs.

It is worth mentioning that the quality of a number of exports, still not yet stable, has had an impact on the execution of contracts already signed.

The production method that pays attention only to quantity at the expense of quality has caused substantial damage to the economy and unnecessary waste in supplies, energy and labor, resulting in product unsalability, large inventories of merchandise and capital stagnancy, and also in tense but false shortages of goods in the marketplace apt to create conditions for speculators to fish in troubled waters.

To develop socialist production, it is necessary to improve product and merchandise quality. High-quality products and merchandise not only increase the latter's value and usefulness but also save labor, supplies and energy, raise labor productivity and export capabilities, and meet the people's needs with increasing effectiveness.

Since provisions, raw materials and energy are in scarce supply, it is all the more imperative to boost product and merchandise quality and take advantage of existing conditions and capabilities to the fullest extent to make products and merchandise of high usability.

Production installations and responsible organs allowing low-quality commodities to reach the market should be strictly prosecuted.

There are many ways to raise product and merchandise quality, but first of all, we should concentrate on the following key measures:

First, we should promptly eliminate the system of flat allocations of supplies and raw materials as well as the practice of selling goods at prices not compatible with their values. We should conduct economic accounting, add all production expenses to manufacturing cost, implement the principle of distribution according to labor and encourage production installations and laborers to turn out choice merchandise.

Second, qualitative and quantitative norms must really become mandatory in production plans as well as distribution and circulation plans. In addition, they must become a basis for evaluation and recognition whether an installation has achieved plans in full.

Third, we should accelerate activities concurrently aimed at reviewing, developing and applying quality standards to various kinds of products and merchandise and ensuring quality control at installations in charge of production, distribution and circulation.

Fourth, we should master the principle of market transformation and management and refuse to expand contract relationships and to place orders with privately-run installations failing to register for business and for product quality control.

Fifth, we should clearly define responsibilities for ensuring control of merchandise quality--as well as punitive measures to cope with violations--throughout the maintenance and transportation process, and overcome loopholes, which evildoers will take advantage of to substitute counterfeit for genuine products during the distribution and circulation processes.

9213
CSO: 4209/608

AGRICULTURE

BRIEFS

HANOI VIETNAMESE 'GRAB FIELDS'--According to some reports from south Vietnam, the Hanoi Vietnamese recently continued to grab fertile fields of the southerners in an increasingly savage manner. It was learned that the Hanoi Vietnamese seized 225 hectare of fertile fields from the people of Trang Bang and Duong Minh Chau Districts, Tay Ninh Province. These fertile fields are reserved for their cronies and relatives from north Vietnam. It was also learned that when the landowners protested, they were unceremoniously thrown into jail. This has made the inhabitants of these two districts, like the rest of south Vietnam, more incensed at the Hanoi authorities. They are now mounting increasingly vigorous resistance to prevent more of their fertile land from being grabbed by the northerners. [Text] [(Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 30 Aut 85 BK]

CSO: 4212/102

POPULATION, CUSTOMS AND CULTURE

RATIONAL DISTRIBUTION OF LABOR, POPULATION URGED

Hanoi NHAN DAN in Vietnamese 20 Jun 85 pp 1, 4

[Editorial: "Improve Quality in Labor and Population"]

[Text] We have basically fulfilled the 5-year norm on distributing labor and relocating 1 million people for socioeconomic construction and development on a nationwide scale. The party and state have directed the various localities and sectors concerned to continue to move 200,000 more laborers with 500,000 more people to various regions for socioeconomic construction and development. In the first 5 months of this year, labor mobilization and redistribution have been expedited and been rather successful so that nearly 65,000 laborers and over 125,000 people have been resettled in new economic zones. In this respect, Ha Bac, Ha Son Binh and An Giang Provinces have overfulfilled the yearly plan. Quang Nam-Da Nang and Dong Nai Provinces have almost fulfilled the plan while Cao Bank, Thanh Hoa, Thai Binh, Song Be and Ben Tre Province have fulfilled more than 50 percent of the yearly plan norm. The remaining provinces and cities have not met the plan norm.

In distributing the labor force, it is necessary not only to consider the quantitative result obtained but also to attach the greatest importance to the qualitative norm which must be reflected in the building of stable economic zones and the achievement of realistic economic effects. With their passive and wait-and-see attitude and their tendency to rely on others, some localities have not yet soundly used the short- and long-term socioeconomic development plan as a basis for labor redistribution. Coordinated action between departure and arrival points and among national economic sectors which need labor has not been based on economic association in order to mobilize the potential and aggregate strength of the parties concerned. The operational mechanism in charge of labor distribution and relocation has not been strengthened and improved and has thus failed to keep up with the intensified relocation of labor and population. Many localities and sectors have neither properly carried out the financial and planning tasks nor organized cadres according to the policy of updating the economic management mechanism, abolishing bureaucratic centralism and state subsidy and shifting strongly to socialist accounting and business methods. The delayed assignment of plans [to the parties concerned] has hindered the provision of necessary material conditions for laborers, especially those engaged in forestry and coffee plantations. The life of laborers in certain areas is still beset with difficulties. All these shortcomings have limited the effectiveness of labor and population relocation.

Beside their mission of building new economic zones for the fatherland, all the people setting out for socioeconomic development missions want to go to regions better than their former places of residence and to have a materially and morally better life than before. Therefore, it is all the more necessary to adequately prepare a sound short- and long-term production direction and plan, to build appropriate material and technical bases and essential welfare facilities and simultaneously to promulgate a policy to make the new places attractive and hold workers and their families there.

The redistribution of labor is aimed at the rational use of labor, land, forests, sea areas, various trades and existing material and technical bases, providing jobs to all laborers and increasing production for society. This is a highly significant task from the socioeconomic and national security and defense point of view. The more than 1 million people who have enthusiastically and voluntarily gone to build the new economic zones has confirmed this correct policy of our party and state.

We will continue to relocate laborers and people during the current and forthcoming years in order to build the economy in its three forms--state-operated, collective and mixed--on the provincial and district level and in those regions within those provinces and districts under favorable conditions so as to eliminate labor surplus and land shortage in some places in those provinces or districts where unused land exists. Within each region, it is necessary to regulate and rationally distribute various trades in order to achieve high labor productivity and effectiveness. Labor must be moved chiefly from the Red River Delta and from the heavily populated areas of former zones 4 and 5, to the northern mountain region, the Central Highlands, eastern Nam Bo and some fallow areas of the Makong delta. Labor distribution requires high determination, dynamic management measures, appropriate socioeconomic policies, creative application of the "joint action by both the state and people at both the central and local levels" motto, creation of on-the-spot material and technical conditions, and establishment of infrastructural bases for labor redistribution. It is necessary to widely disseminate the rich experiences of Ha Son Binh, An Giang and Quang Nam-Da Nang Provinces which have raised their own capital and invested hundreds of millions of dong to develop production, to grow industrial crops and to produce export goods in newly developed lands inside and outside their provincial territories, and have achieved great effects from this method.

It is necessary to continuously research and expand long-term economic association between the provinces of the Bac Bo delta and of the northern border, between the Trung Bo and the Central Highlands provinces and centrally run economic and technical sectors in each area in order to simultaneously build both the state and collective economics and develop the household economy, to rationally employ their aggregate strength and, at the same time, to ensure the economic interests of every partner so as to further intensify the distribution of labor and population. The transfer of labor and population to the northern mountain provinces and the Central Highlands must be homogeneous from the qualitative point of view and including cadres, party members, handicraftsmen and public health and education personnel. The labor and population relocation policy must not discriminate between households belonging to the state-operated economy and those joining the collective economy. Greater

effects may be obtained by decentralizing labor management and relocation, by assigning this task to localities and by examining and ratifying their economic and technical thesis on new economic zones. Far from being simply a "population spreading" policy designed to reduce livelihood difficulties, the distribution of labor and population is highly significant in that it will facilitate the exploitation of all potentials, link labor to land and enrich the fatherland.

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PUBLICATIONS

BRIEFS

VAN HOC PUBLISHES LITERARY WORKS---Also, on the literature and art front, today's HANOI MOI [New HANOI] reports that the VAN HOC [Literature] Publishing House has published five great literary works on stories and essays by President Ho Chi Minh, literature and art by Comrade Truong Chinh, and poems by Comrade To Huu. These are great literary opuses by our party and state leaders, who are, at the same time, typical writers, poets, theoreticians, and critics, who have made positive contributions to the formation and development of the contemporary Vietnamese revolutionary literature. [From press review] [Text] [Hanoi Domestic Service in Vietnamese 1000 GMT 24 Aug 85 OW]

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